

OKEMOS PUBLIC SCHOOLS
REPORT ON FINANCIAL STATEMENTS
(with required supplementary and additional information)
YEAR ENDED JUNE 30, 2006

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Lamonte T. Lator
Bruce J. Dunn
Jeffrey C. Stevens
Linda I. Schirmer
Steven W. Scott
David M. Racek
Robert E. Miller, Jr.
Steven B. Robbins
James E. Nyquist
James R. Dedyne

Timothy H. Adams
David B. Caldwell
Edward L. Williams, III
Timothy J. Orians
Dennis D. Theis

Walter P. Maner, Jr. (1921-2004)
Floyd L. Costerisan
Leon A. Ellis (1933-1988)

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Okemos Public Schools
Okemos, Michigan

August 14, 2006

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Okemos Public Schools, as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Okemos Public Schools' management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Okemos Public Schools as of June 30, 2006 and the respective changes in financial position, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

To the Board of Education
Okemos Public Schools
Okemos, Michigan

August 14, 2006

In accordance with *Government Auditing Standards*, we have also issued our report dated August 14, 2006, on our consideration of Okemos Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages vi through xiv and page 27, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Okemos Public Schools' basic financial statements. The additional information on pages 29 to 68 is presented for purposes of additional analysis and is not a required part of the basic financial statements. This additional information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mamer, Costeniser & Ellis, P.C." The signature is written in a cursive, flowing style.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Okemos Public Schools District's annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2006. Please read it in conjunction with the District's financial statements, which immediately follow this section. A comparative analysis with the prior year has been provided.

FINANCIAL HIGHLIGHTS

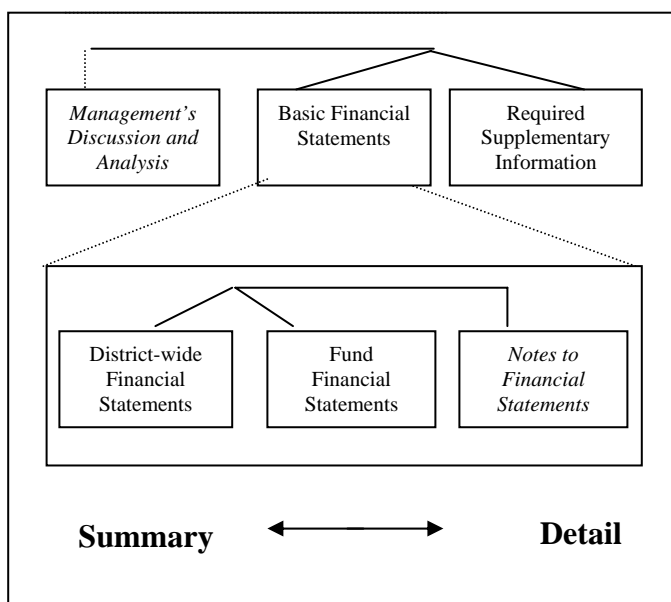
- The District's financial status remained stable. The District's overall revenues were \$49.1 million dollars.
- Total general fund revenues were \$41.2 million dollars. Revenues for the 2005-2006 school year increased by 4.2% from the previous year while expenditures increased 7.1% from the same period.
- The District reduced its outstanding long-term debt by \$629,504 or 10.0% of fund balance.
- The District's enrollment was stable with less than a ½% increase over the previous fiscal year. This equated to an increase of 12.82 student FTEs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations *in more detail* than the district-wide statements.
- The *governmental funds* statements tell how *basic* services like regular and special education were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a *trustee or agent* for the benefit of others.

Figure A-1
Organization of Okemos Public
Schools' Annual Financial Report



The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-2 Major Features of District-Wide and Fund Financial Statements			
	District-wide Statements	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as special education and building maintenance.	Instances in which the district administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	<ul style="list-style-type: none"> * Statement of net assets * Statement of activities 	<ul style="list-style-type: none"> * Balance sheet * Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> * Statement of fiduciary net assets * Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term, Okemos' funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year, expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Figure A-2 summarized the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

DISTRICT-WIDE STATEMENTS

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statements of net assets include *all* of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's *net assets* and how they have changed. Net assets – the difference between the District's assets and liabilities – are one way to measure the District's financial health or *position*.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's property tax base, the condition of school buildings and other facilities and the long-term cash flow needs of the District.

In the district-wide financial statements, the District's activities:

Governmental activities – Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state foundation aid finance most of these activities.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's *funds*, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debts) or to show that it is properly using certain revenues (like school lunch and trust activities).

The District has two kinds of funds:

- Governmental funds – All of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information with the governmental funds statement that explains the relationship (or differences) between them.

- Fiduciary funds – The District is the trustee, or fiduciary, for assets that belong to others, such as the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net assets (deficit) – The District's *combined* net assets were less on June 30, 2006, than the prior fiscal year by the amount of \$1,150,898. This reflects an increased deficit in the district's net assets. The change is primarily due to the following: 1.) general fund and debt fund expenditures exceeded revenue during the 2005-06 fiscal year, 2.) there was no gain attributed to the sale of assets and 3.) fixed assets continue to depreciate and 4.) interest accrued on capital appreciation bonds. (*Note: In the previous year the district realized a gain of \$709,000 as a result of the sale of land to a developer.*)

Table A-3 Okemos Public Schools' Net Assets		
	2006	2005
Current and other assets	\$ 14,011,226	\$ 15,924,727
Capital and other non-current assets	61,571,685	62,886,730
Total assets	75,582,911	78,811,457
Long-term liabilities	65,756,499	65,908,831
Other liabilities	11,365,027	13,098,476
Total liabilities	77,121,526	79,007,307
Net assets:		
Invested in capital assets, net of related debt	19,531,157	18,754,137
Restricted	290,456	339,147
Unrestricted	(21,630,318)	(19,751,001)
Total net assets (deficit)	\$ (1,808,705)	\$ (657,717)

Table A-4		
Changes in Okemos Public Schools' Net Assets		
	<u>2005</u>	<u>2005</u>
Revenues:		
Program revenues:		
Charges for services	\$ 4,083,887	\$ 4,231,234
Federal and state categorical grants	1,232,076	894,861
General revenues:		
Property taxes	14,137,014	13,604,135
State aid - unrestricted	26,056,293	25,491,044
Ingham ISD	2,987,116	2,406,615
Gain on sale of assets		709,000
Investment and other	535,487	405,553
Total revenues	<u>49,031,873</u>	<u>47,742,442</u>
Expenses:		
Instruction	24,261,024	22,917,662
Support services	15,538,270	13,792,589
Community services	2,897,224	2,690,706
Food services	1,404,307	1,448,494
Athletics	801,337	713,228
Interest on long-term debt	3,828,248	3,969,994
Unallocated depreciation	1,452,361	1,500,830
Total expenses	<u>50,182,771</u>	<u>47,033,503</u>
Increase in net assets	<u>\$ (1,150,898)</u>	<u>\$ 708,939</u>

District Governmental Activities

The overall stability of the District's financial position can be credited to a focus on controlling expenditures, while attempting to limit impact on K-12 programming. It can further be attributed to the stability in student enrollment, as well as the availability of the "one time" revenue generated through the sale of property during the 2004-05 fiscal year. The District continued to monitor its financial status throughout the fiscal year, and made the necessary adjustments to various financial challenges faced by the District during the 2005-2006.

- The district has made a conscious effort to attract families to the area in an attempt to stabilize enrollments. In 2004-05, Okemos Public Schools sold property to a developer, with the intent of creating an "affordable" housing market. It is the District's prediction that this intentional intervention should continue to stabilize or possibly increase student enrollments, reversing the previous predictions of declining enrollment. Also, other such developments have been initiated within the boundaries of Okemos Public Schools which should also positively impact enrollment trends.
- The district continued to remain fiscally responsible, while initiating a "reprieve" from budget or program cuts for the 2005-06 fiscal year. The reductions that had been in place in the prior year were maintained. However, the District made a conscious decision to spend a small portion of the funds generated from the sale of the property, as well as utilize the slight increase in the fund balance generated from the 2004-05 fiscal year (revenues higher than expenses) to balance the 2005-06 budget. As a result, the district was able to sustain the fund balance at 12.5% of expenditures.
- Approximately, \$1.7 million in reductions identified and implemented District wide during the 2004-05 fiscal year were maintained in the 2005-06 fiscal year. These areas included: athletics, central office, community education, elementary and secondary instruction, operations and maintenance, transportation, special education and media and technology.
- Michigan Public Schools received an increase of \$175 in the State Foundation Allowance over the 2004-05 per student FTE allocation. Even though this increased revenue did not completely cover the added expenses resulting from higher health insurance premiums, a higher retirement rate and other inevitable "roll-up" costs borne by the district, the increased revenue did help to offset the negative budgetary impact.
- Revenues from Ingham Intermediate School District resulted in a favorable budget variance due to unanticipated levels of reimbursement from the following sources: Medicaid Outreach, Capital Area Career Center transportation services, and overall Special Education net claims, including a recalculation of reimbursement from previous fiscal years utilizing reduced utility costs.
- Okemos Public Schools successfully expanded its public Montessori program. It is the District's intent to continue to "grow the program", offering a unique approach to educating students that will draw families to Okemos Schools, as well as recapture or retain those children who may have gone to a private setting. During the 2005-06 fiscal year, Edgewood Elementary School was established as the Montessori program site. The Montessori program was in its fourth year of implementation.

- The District continues to work with community leaders, collaboratively seeking alternative sources of revenue. In an effort to reduce the impact of budget reductions on K-12 programming, the Okemos Education Foundation sponsored “Okemos Cares”, a community fund raising event. The Okemos community generously donated over \$19,500 during 2005-2006 to help finance programs that could no longer be funded through the general fund. A continued focus on creating additional revenue sources remains a District priority.
- In an effort to monitor and manage expenditures, building level, as well as the executive administration level, operated with 20% less of their funds in specific areas for which they had spending discretion through February, 2006. However, since the 2005-06 fiscal year did not experience an unanticipated reduction in revenue or increased expenses, the 20% was released to administration/departments to be utilized if needed.

The District will continue to investigate expenditure reductions, as well as revenue enhancements in 2006-07 in an effort to maintain a stable financial environment. The “smaller than anticipated” negative impact on fund balance in 2005-06 generated through careful management of expenditures, as well as the increased reimbursement from Ingham Intermediate School District for special education costs combined with the targeted budget reductions will give the district continued fiscal stability.

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

As the District completed the year, its governmental funds reported combined balances of \$6,281,345, a decrease as compared to 2005 ending fund balances of \$6,772,431.

General Fund Highlights

Over the course of the year, the District revised the annual operating budget twice. These budget amendments are:

- Changes in November, 2005 to account for final enrollment counts and changes in assumptions since the original budget were adopted. This also included: actual reflection of health insurance premium increases; finalization of staffing; adjustment of supply and textbook budgets (based on enrollments); and adjustments to more accurately reflect spending trends.
- Changes in May, 2006 to account for the estimated revised reimbursement from Ingham Intermediate School District for special education expenses; adjusted funding from the State; and adjustments to more accurately reflect revenue and expenditure trends.
- While the District’s final budget for the general fund anticipated a deficit (expenditures to exceed revenue) of \$914,900, the actual results were a \$474,820 deficit.
- Actual revenues were \$228,225 higher than expected, due largely to special education reimbursements from the Intermediate School District, tax reimbursement from the township and various funding adjustments from the state.
- Actual expenditures were \$211,855 below the adopted budget. This was primarily the result of reduced spending in federal grant programs (carried over to next fiscal year). The district also effectively controlled spending in areas such as supplies, travel, and contracted services.

By the end of 2006, the District had invested \$1.5 million in capital assets, including school building repairs and computer equipment. This amount represents a net decrease of \$1.3 million, or 2.1 percent, from last year. Total depreciation expense for the year exceeded \$2.8 million.

Table A-5		
Okemos Public Schools' Capital Assets		
<i>(net of depreciation, in millions of dollars)</i>		
	2006	2005
Land and land improvements	\$ 8.7	\$ 7.6
Buildings and improvements	48.9	50.7
Equipment and furniture	3.6	4.1
Vehicles	0.2	0.3
Total	<u>\$ 61.4</u>	<u>\$ 62.7</u>

The District's fiscal year 2006-7 capital budget anticipates spending another \$1.4 million for capital projects, principally to install flooring, roofs, asphalt, lighting, doors and HVAC systems.

Long-term Debt

At year-end the District had \$69.3 million in general obligation bonds and other long-term debt outstanding – a reduction of 1.0% percent from last year. (More detailed information about the District's long-term liabilities is presented in Note 7 to the financial statements.)

Okemos Public Schools' Capital Assets		
	2006	2005
Bonds and related debt	\$ 66,268,417	\$ 67,487,253
Compensated absences	3,092,809	2,503,477
Total	<u>\$ 69,361,226</u>	<u>\$ 69,990,730</u>

- The District continued to pay down its debt, retiring \$3.9 million of outstanding bonds.

SUMMARY

The district has maintained a proactive approach to the control of expenditures and the enhancement of revenues. As a result, the financial status of the District remained stable throughout the 2005-06 fiscal year.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future:

- The financial status of the State of Michigan may result in future Executive Order Cuts from the Governor and/or little to no increase in the state funding.
- Increases in the employer contribution to the Michigan Public School Employees Retirement System, as well as increased premiums for health insurance will significantly affect the District's finances.
- The District projects stable student enrollment for the immediate future. There are several new neighborhood developments within the district's boundaries. As these build out over time, it is anticipated that it will have a stabilizing effect on enrollments.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information, contact the Deputy Superintendent Office, Okemos Public School District, 4406 N. Okemos Road, Okemos, Michigan 48864.

**OKEMOS PUBLIC SCHOOLS
STATEMENT OF NET ASSETS
JUNE 30, 2006**

	Governmental activities
<hr/>	
ASSETS	
CURRENT ASSETS:	
Cash	\$ 8,093,585
Investment	251,629
Receivables:	
Intergovernmental	5,230,089
Other	323,332
Inventories	112,591
TOTAL CURRENT ASSETS	<hr/> 14,011,226 <hr/>
NONCURRENT ASSETS:	
Deferred charges	153,721
Capital assets	97,155,061
Less accumulated depreciation	(35,737,097)
TOTAL NONCURRENT ASSETS	<hr/> 61,571,685 <hr/>
TOTAL ASSETS	<hr/> \$ 75,582,911 <hr/>
 LIABILITIES AND NET ASSETS (DEFICIT)	
CURRENT LIABILITIES:	
Accounts payable	\$ 68,256
Accrued interest payable	181,429
Salaries and fringe benefits payable	4,276,431
Deferred revenues	342,724
State aid anticipation note	2,700,000
Current portion of long-term obligations	3,860,000
Current portion of compensated absences	206,187
TOTAL CURRENT LIABILITIES	<hr/> 11,635,027 <hr/>
NONCURRENT LIABILITIES:	
Long-term obligations	62,408,417
Compensated absences	2,886,622
Accrued interest payable - capital appreciation bonds	461,460
TOTAL NONCURRENT LIABILITIES	<hr/> 65,756,499 <hr/>
TOTAL LIABILITIES	<hr/> 77,391,526 <hr/>
NET ASSETS (DEFICIT):	
Investment in capital assets net of related debt	19,531,157
Restricted for trust activities	290,546
Unrestricted	(21,630,318)
TOTAL NET ASSETS (DEFICIT)	<hr/> (1,808,615) <hr/>
TOTAL LIABILITIES AND NET ASSETS (DEFICIT)	<hr/> \$ 75,582,911 <hr/>

See notes to financial statements.

**OKEMOS PUBLIC SCHOOLS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006**

Functions/programs	Expenses	Program revenues		Governmental activities
		Charges for services	Operating grants	Net (expense) revenue and changes in net assets
Governmental activities:				
Instruction	\$ 24,261,024	\$	\$ 681,500	\$ (23,579,524)
Support services	15,538,270	148,419	19,838	(15,370,013)
Community services	2,897,224	2,489,862	320,863	(86,499)
Food services	1,404,307	1,210,225	209,875	15,793
Athletics	801,337	235,381		(565,956)
Interest and fees on long-term debt	3,828,248			(3,828,248)
Unallocated depreciation	1,452,361			(1,452,361)
Total governmental activities	<u>\$ 50,182,771</u>	<u>\$ 4,083,887</u>	<u>\$ 1,232,076</u>	<u>(44,866,808)</u>
General revenues:				
Property taxes, levied for general purposes				7,901,649
Property taxes, levied for debt service				4,607,061
Property taxes, levied for capital projects				1,628,304
Investment earnings				337,354
State sources				26,056,293
Ingham ISD special education allocation				2,987,116
Other				198,133
Total general revenues				<u>43,715,910</u>
CHANGE IN NET ASSETS				<u>(1,150,898)</u>
NET ASSETS (DEFICIT), beginning of year as restated				<u>(657,717)</u>
NET ASSETS (DEFICIT), end of year				<u><u>\$ (1,808,615)</u></u>

OKEMOS PUBLIC SCHOOLS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006

	General fund	Other nonmajor governmental funds	Total governmental funds
ASSETS			
ASSETS:			
Cash	\$ 6,791,054	\$ 1,302,531	\$ 8,093,585
Investment	1,017	250,612	251,629
Receivables:			
Intergovernmental	5,199,115	30,974	5,230,089
Other	295,882	22,284	318,166
Due from other funds	534,355	131,585	665,940
Due from non-governmental fund	5,166		5,166
Inventories	81,186	31,405	112,591
TOTAL ASSETS	\$ 12,907,775	\$ 1,769,391	\$ 14,677,166
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ 68,256	\$	\$ 68,256
Salaries and fringe benefits payable	4,184,245	92,186	4,276,431
Due to other funds		665,940	665,940
Deferred revenues	685,194		685,194
State aid anticipation note	2,700,000		2,700,000
TOTAL LIABILITIES	7,637,695	758,126	8,395,821

	General fund	Other nonmajor governmental funds	Total governmental funds
FUND BALANCES:			
Reserved for:			
Trust activities	\$	\$ 290,546	\$ 290,546
Capital projects		27,769	27,769
Debt service		769,682	769,682
Unreserved, designated for Community Education	20,000		20,000
Unreserved, designated for subsequent year's expenditures	892,520		892,520
Unreserved, undesignated	4,357,560	(76,732)	4,280,828
TOTAL FUND BALANCES	5,270,080	1,011,265	6,281,345
TOTAL LIABILITIES AND FUND BALANCES	\$ 12,907,775	\$ 1,769,391	\$ 14,677,166
Total governmental fund balances			\$ 6,281,345
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and are not reported in the funds			
The cost of the capital assets is		\$ 97,155,061	
Accumulated depreciation is		(35,737,097)	
			61,417,964
Long-term liabilities are not due and payable in the current period and are not reported in the funds			
Bonds payable			(66,226,421)
Compensated absences			(3,092,809)
Deferred bond premium			(757,253)
Deferred amount on bond refunding			715,257
Deferred revenue			342,470
Accrued interest is not included as a liability in governmental funds, it is recorded when paid			
Accrued interest capital appreciation bonds			(461,460)
Accrued interest other debt			(181,429)
Deferred charges for bond refunding			153,721
Deficit of governmental activities			\$ (1,808,615)

See notes to financial statements.

OKEMOS PUBLIC SCHOOLS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2006

	General fund	Other nonmajor governmental funds	Total governmental funds
REVENUES:			
Local sources:			
Property taxes	\$ 7,901,649	\$ 6,235,365	\$ 14,137,014
Community services	2,489,862		2,489,862
Interest	207,436	129,918	337,354
Food service sales		1,210,225	1,210,225
Athletics	235,381		235,381
Other	346,552		346,552
Total local sources	11,180,880	7,575,508	18,756,388
State sources	26,343,097	31,524	26,374,621
Federal sources	624,156	178,351	802,507
Intermediate district and other transactions	3,081,818		3,081,818
Total revenues	41,229,951	7,785,383	49,015,334
EXPENDITURES:			
Current:			
Instruction	22,992,903		22,992,903
Support services	15,132,713		15,132,713
Community services	2,855,392		2,855,392
Athletics	789,551		789,551
School lunch		1,404,307	1,404,307
Capital outlay		1,270,280	1,270,280
EXPENDITURES (Concluded):			
Debt service:			
Principal	\$	\$ 3,915,000	\$ 3,915,000
Interest		1,141,274	1,141,274
Miscellaneous		5,000	5,000
Total expenditures	41,770,559	7,735,861	49,506,420
EXCESS (DEFICIENCY) OF EXPENDITURES OVER REVENUES	(540,608)	49,522	(491,086)
OTHER FINANCING SOURCES (USES):			
Transfers in (out)	65,788	(65,788)	
Total other financing sources (uses)	65,788	(65,788)	
NET CHANGE IN FUND BALANCES	(474,820)	(16,266)	(491,086)
FUND BALANCES:			
Beginning of year	5,744,900	1,027,531	6,772,431
End of year	\$ 5,270,080	\$ 1,011,265	\$ 6,281,345

**OKEMOS PUBLIC SCHOOLS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2006**

Net change in fund balances total governmental funds \$ (491,086)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

Depreciation expense	(2,809,355)
Capital outlay	1,506,135

Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:

Accrued interest payable beginning of the year as restated	652,079
Accrued interest payable end of the year	(642,889)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items is as follows:

Payment on debt	3,915,000
Amortization of premium on debt	252,500
Amortization of deferred issuance costs	(11,825)
Current year appreciation on bonds	(2,816,564)
Amortization of deferred amount on bond refunding	(132,100)

Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:

Deferred revenue, beginning of the year	(325,931)
Deferred revenue, end of the year	342,470

Compensated absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when due in the governmental funds:

Accrued compensated absences beginning of the year	2,503,477
Accrued compensated absences end of the year	(3,092,809)

Change in net assets of governmental activities	\$ (1,150,898)
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OKEMOS PUBLIC SCHOOLS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
JUNE 30, 2006

	<u>Agency fund</u>
ASSETS	
Cash	\$ 676,198
Due from Okemos Public Schools	<u>9,901</u>
TOTAL ASSETS	<u><u>\$ 686,099</u></u>
LIABILITIES	
Liabilities:	
Payable Okemos Public Schools	\$ 15,067
Due to student groups:	
Elementary	115,666
Business office	95,977
Middle school	194,032
High school	<u>265,357</u>
TOTAL LIABILITIES	<u><u>\$ 686,099</u></u>

OKEMOS PUBLIC SCHOOLS NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Okemos Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The Okemos Public Schools (the "District") is governed by the Okemos Public Schools Board of Education (the "Board"), which has responsibility and control over all activities related to public school education within the District. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. However, the District is not included in any other governmental reporting entity as defined by the accounting principles generally accepted in the United States of America. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement No. 14 and 39.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts - invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District first utilizes restricted resources to finance qualifying activities.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements (Continued)

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues and other revenue). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues.)

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental Funds - Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following major governmental fund:

The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

Other Non-major Funds

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and Dart gifted education fund in the special revenue funds,

The *debt service funds* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *capital projects funds* account for the receipt of debt proceeds and the acquisition of fixed assets or construction of major capital projects.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-wide and fund financial statements (Concluded)

Sinking Funds - The Okemos Public Schools' capital project fund records capital project activities funded with Sinking Fund millage. For this fund, the District has complied with the applicable provisions of §1212(l) of the Revised School Code and the State of Michigan Department of Treasury Letter No. 01-95.

The capital projects fund includes capital project activities funded with qualified bonds issued after May 1, 1994. Beginning with the year of bond issuance, the District has reported the annual activity in the 2003 capital projects fund. The cumulative revenue and expenditures are as follows:

	2003 technology fund
Revenue	\$ 17,840
Other financing sources - bond proceeds	\$ 975,000
Expenditures	\$ 966,441

For these capital projects, the District has complied with the applicable provisions of §1351a of the Revised School Code. The District considers these projects substantially complete as of June 30, 2006.

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not included in the government-wide statements.

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Accrual Method

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

Accrual Method (Concluded)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board.

Modified Accrual Method

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded primarily when payment is due.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2006, the foundation allowance was based on pupil membership counts taken in February and September of 2005.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus, Basis of Accounting and Basis of Presentation (Concluded)

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2005 to August 2006. Thus, the unpaid portion at June 30th is reported as due from other governmental units.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Categorical funds which are not expended by the close of the fiscal year are recorded as deferred revenue.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as needed.

D. Other Accounting Policies

1. Cash and equivalents include amounts in demand deposits and certificates of deposit.

The District reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools* and No. 40, *Deposits and Investment Risk Disclosures*. Under these standards, certain investments are valued at fair value as determined by quoted market prices, or by estimated fair values when quoted market prices are not available. The standards also provide that certain investments are valued at cost (or amortized cost) when they are of a short-term duration, the rate of return is fixed, and the district intends to hold the investment until maturity. Accordingly, investments in banker acceptances and commercial paper are recorded at amortized cost.

State statutes authorize the District to invest in bonds and other direct and certain indirect obligations of the U.S. Treasury; certificates of deposit, savings accounts, deposit accounts, or depository receipts of a bank, savings and loan association, or credit union, which is a member of the Federal Deposit Insurance Corporation, Federal Savings and Loan Insurance Corporation, or National Credit Union Administration, respectively; in commercial paper rated at the time of purchase within the three highest classifications established by not less than two standard rating services and which matures not more than 270 days after the date of purchase. The District is also authorized to invest in U.S. Government or federal agency obligation repurchase agreements, bankers' acceptances of U.S. banks, and mutual funds composed of investments as outlined above.

OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Other Accounting Policies (Continued)

2. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied and become a lien as of July 1 and December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are September 14 and February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity.

For the year ended June 30, 2006, the District levied the following amounts per \$1,000 of assessed valuation:

Fund	Mills
General fund - Non-homestead	18.0000
Debt service fund - Homestead and non-homestead	4.2400
Capital projects funds (Sinking Fund) - Homestead and non-homestead	1.4865

3. Inventories and Prepaid Expenditures

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

4. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds).

All receivables, including property taxes receivable, are shown net of an allowance for uncollectibles.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Other Accounting Policies (Continued)

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	50 years
Furniture and other equipment	5 - 20 years

The District's capitalization policy is to capitalize individual amounts exceeding \$10,000.

6. Compensated Absences

The District's contracts generally provide for granting vacation or sick leave with pay. The current and long-term liability for compensated absences is reported on the government-wide financial statements. A liability for these amounts, including related benefits, is reported in governmental funds only if they have matured, for example, as a result of employee leave, resignations or retirements.

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the statement of net assets. Bond premiums and discounts, as well as issuance costs and the difference between the reacquisition price and the net carrying amount of the old debt, are deferred and amortized over the life of the bonds using straight line method which approximates the effective interest method over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Concluded)

D. Other Accounting Policies (Concluded)

8. Use of Estimates

The process of preparing financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and significant special revenue funds.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (1968 PA 2). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations, if any, for the general fund are noted in the required supplementary information section.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Concluded)

4. The Superintendent is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the general and significant special revenue funds.
6. The budget was amended during the year with supplemental appropriations, the last one approved prior to June 30, 2006. The District does not consider these amendments to be significant.

NOTE 3 - DEPOSITS AND INVESTMENTS

As of June 30, 2006, the District had the following investments.

Investment Type	Fair value	Weighted average maturity (years)	Standard & Poor's Rating	%
MILAF External Investment pool - MICMS	\$ 10	0.0027	AAAm	1%
MILAF External Investment pool - MIMAX	1,720	0.0027	AAAm	99%
Total fair value	<u>\$ 1,730</u>			<u>100%</u>
Portfolio weighted average maturity		<u>0.0027</u>		

1 day maturity equals 0.0027, one year equals 1.00

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 3 - DEPOSITS AND INVESTMENTS (Continued)

The District voluntarily invests certain excess funds in external pooled investment funds which included money market funds. One of the pooled investment funds utilized by the District is the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of “qualified” investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports as of June 30, 2006, the fair value of the District’s investments is the same as the value of the pool shares.

Interest rate risk. In accordance with its investment policy, the District will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and, investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the District’s cash requirements.

Credit risk. State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs).

Concentration of credit risk. The District will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the District’s investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. As of June 30, 2006, \$9,258,329 of the District’s bank balance of \$9,473,124 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the District’s name. The majority of these deposits are interest bearing. The carrying amount is \$9,019,682.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

The District will minimize custodial credit risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities allowed by law; and pre-qualifying the financial institutions, broker/dealers, intermediaries and advisors with which the District will do business.

OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - DEPOSITS AND INVESTMENTS (Concluded)

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk.

The carrying value of the above amounts as reported in Note 3:

Deposits - including fiduciary funds of \$676,198 carrying amount	\$ 9,019,682
Investments	<u>1,730</u>
	<u><u>\$ 9,021,412</u></u>

The above amounts are reported in the financial statements as follows:

Cash Agency fund	\$ 676,198
Cash - District-wide	8,093,585
Investments - District-wide	<u>251,629</u>
	<u><u>\$ 9,021,412</u></u>

NOTE 4 - RECEIVABLES

Intergovernmental receivables at June 30, 2006 consist of the following:

State aid	\$ 4,782,767
Federal	309,307
Intermediate school district	<u>138,015</u>
Total	<u><u>\$ 5,230,089</u></u>

Amounts due from other governmental units include amounts due from federal, state and local sources for various projects and programs.

No allowance for doubtful accounts is considered necessary.

OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS

A summary of changes in the District's capital assets follows:

	Balance July 1, 2005	Additions	Deletions	Balance June 30, 2006
Assets, not being depreciated:				
Land	\$ 4,672,984	\$	\$	\$ 4,672,984
Construction in process	390,780	91,795	(390,780)	91,795
Subtotal	5,063,764	91,795	(390,780)	4,764,779
Other capital assets:				
Land improvements	5,619,425	1,465,706		7,085,131
Building and improvements	71,088,425			71,088,425
Furniture and fixtures	6,177,025			6,177,025
Machinery and equipment	2,951,149	28,099		2,979,248
Computers and equipment	5,896,560	56,642	(2,666,709)	3,286,493
Transportation equipment	1,519,287	254,673		1,773,960
Subtotal	93,251,871	1,805,120	(2,666,709)	92,390,282
Accumulated depreciation:				
Land improvements	2,745,523	322,075		3,067,598
Building and improvements	20,793,555	1,452,359		22,245,914
Furniture and fixtures	3,849,482	228,773		4,078,255
Machinery and equipment	2,052,598	90,460		2,143,058
Computers and equipment	4,982,788	350,620	(2,666,709)	2,666,699
Transportation equipment	1,170,505	365,068		1,535,573
Total accumulated depreciation	35,594,451	2,809,355	(2,666,709)	35,737,097
Net other capital assets	57,657,420	(1,004,235)	-	56,653,185
Net capital assets	\$62,721,184	\$ (912,440)	\$ (390,780)	\$61,417,964

Depreciation for the fiscal year ended June 30, 2006 amounted to \$2,809,355. The District allocated depreciation to the various activities as follows:

Instruction	\$ 938,095
Support	412,427
Community service	6,472
Unassigned	1,452,361
	<u>\$ 2,809,355</u>

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 5 - CAPITAL ASSETS (Concluded)

Construction in process consists of replacement of a chiller and boiler at Kinawa Middle School. The estimated completion date is September of 2006. Completion costs are estimated to be an additional \$660,000.

NOTE 6 - NOTE PAYABLE

At June 30, 2006, the District has a note payable outstanding of \$2,700,000. The note has an interest rate of 2.92% and matures August 18, 2006. The District has funds on deposit with financial institutions, which are included in cash on the statement of net assets to be applied against the \$2,700,000 note. The note is secured by the full faith and credit of the District as well as pledged state aid.

Balance June 30, 3005	Additions	Payments	Balance June 30, 2006
<u>\$ 4,000,000</u>	<u>\$ 2,700,000</u>	<u>\$ (4,000,000)</u>	<u>\$ 2,700,000</u>

NOTE 7 - LONG-TERM DEBT

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of governmental long-term obligations for the District for the year ended June 30, 2006:

	Accumulated compensated absences	Bonded debt	Total
Balance, July 1, 2005	\$ 2,503,477	\$ 67,487,253	\$ 69,990,730
Additions	589,332	2,948,664	3,537,996
Deletions	<u>(4,167,500)</u>	<u>(4,167,500)</u>	<u>(4,167,500)</u>
Balance, June 30, 2006	3,092,809	66,268,417	69,361,226
Less current portion	<u>(206,187)</u>	<u>(3,860,000)</u>	<u>(4,066,187)</u>
Total due after one year	<u>\$ 2,886,622</u>	<u>\$ 62,408,417</u>	<u>\$ 65,295,039</u>

OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM DEBT (Continued)

Long-term debt currently outstanding is as follows:

1993 capital appreciation (serial) bonds due in annual installment of \$6,325,000 to \$9,960,000 from May 1, 2012 to May 1, 2021 with effective interest at 6.45% to 6.55% (maturity value \$80,225,000)	\$ 17,321,722	
Recorded appreciation	<u>23,168,104</u>	\$ 40,489,826
1993 capital appreciation (serial) bonds due on May 1, 2007 with effective interest at 5.75% (maturity value \$2,420,000)	1,100,858	
Recorded appreciation	<u>1,185,737</u>	2,286,595
1999 general obligation bonds due in annual installments of \$395,000 to \$2,025,000 from May 1, 2006 through May 1, 2009 with interest at 4.45% to 4.70%		3,060,000
2002 general obligation bonds due in installments of \$390,000 to \$280,000 from May 1, 2006 to May 1, 2008 with interest at 3.25% to 3.875%		670,000
2003 general obligation bonds due in installments of \$110,000 to \$5,875,000 from 2006 to 2019 with interest at 2.0% to 5.0%		19,195,000
2003 general obligation bonds due in installments of \$225,000 to \$300,000 from 2006 to 2008 with interest at 2.6% to 2.75%		525,000
Plus: premium on bond refunding		757,253
Less: deferred amount on bond refunding		<u>(715,257)</u>
Total general obligation debt		66,268,417
Obligation under contract for compensated absences		<u>3,092,809</u>
Total general long-term debt		<u><u>\$ 69,361,226</u></u>

OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM DEBT (Concluded)

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account, assets and liabilities for the defeased bonds are not included in the District's financial statements. At June 30, 2006 bonds outstanding and considered defeased were \$84,731,092.

The annual requirements to amortize debt outstanding as of June 30, 2006, including interest payments are as follows:

Year ending June 30,	Principal	Interest	Amounts payable
2007	\$ 3,860,000	\$ 1,088,577	\$ 4,948,577
2008	4,105,000	1,039,328	5,144,328
2009	4,665,000	853,432	5,518,432
2010	5,255,000	632,856	5,887,856
2011	5,875,000	383,244	6,258,244
2012 - 2016	36,535,000	337,638	36,872,638
2017 - 2020	45,800,000	48,213	45,848,213
	106,095,000	4,383,288	110,478,288
Unrealized appreciation	(39,868,579)		(39,868,579)
Premium amount on bond refunding	757,253		757,253
Deferred loss on bond refunding	(715,257)		(715,257)
Accumulated compensated absences	3,092,809		3,092,809
	<u>\$ 69,361,226</u>	<u>\$ 4,383,288</u>	<u>\$ 73,744,514</u>

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - INTERFUND RECEIVABLES AND PAYABLES

Interfund payable and receivable balances at June 30, 2006 are as follows:

Receivable fund		Payable fund	
General fund	\$ 300,582	Food service fund	\$ 284,644
		Debt service fund 2003T	15,938
2003 technology fund	759	Sinking fund	161,116
General fund	160,357		
Debt service fund 1991	76,830	Debt service fund 2003R	138,454
Debt service fund 1993	13,626		
Debt service fund 2002R	38,060		
Debt service fund 1999R	2,163		
Dart fund	147		
General fund	7,628		
General fund	65,788	Dart fund	65,788
	<u>\$ 665,940</u>		<u>\$ 665,940</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting systems, and (3) payments between funds are made.

NOTE 9 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN

Plan Description - The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost sharing multiple-employer state-wide defined benefit public employee retirement plan governed by the State of Michigan. The MPERS provides retirement survivor and disability benefits and postretirement benefits for health, dental and vision for substantially all employees of the District. The MPERS was established by Public Act 136 of 1945 and operated under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909-7671 or by calling (800) 381-5111.

OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN (Concluded)

Funding Policy - Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Actuarial rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPSERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rate for the year ended June 30, 2006 was 14.87% of payroll through September 30, 2005 and 16.34% effective October 1, 2005 through June 30, 2006. The contribution requirements of the plan members and the District are established and may be amended by the MPSERS Board of Trustee. The District contributions to MPSERS for the years ended June 30, 2006, 2005 and 2004 were approximately \$4,100,000, \$3,680,000 and \$3,087,000, respectively, equal to the required contribution for the year.

The District is not responsible for the payment of retirement benefits which is the responsibility of the State of Michigan.

Other Post-employment Benefits - Also within the MPSERS system, retirees have the option of health coverage, which is funded on a cash disbursement basis by the employers. The MPSERS has contracted to provide the comprehensive group medical, hearing, dental and vision coverages for retirees and beneficiaries. A significant portion of the premium is paid by the MPSERS with the balance deducted from the monthly pension.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although the District believes such amounts, if any, would be immaterial.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. With regard to injuries to employees, the District participates in an association of educational institutions within the State of Michigan for self-insuring workers disability compensation. The association is considered a public entity risk sharing pool. The District pays annual premiums to the association for its workers' disability compensation coverage. In the event the association's total claims and expenses for a policy year exceeded the total normal annual premiums for said years, all members of the policy year may be subject to special assessment to make up the difference. The association maintains reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required. This program is recorded in the general fund. The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

Self-funded dental and vision insurance programs were approved by the Board of Education and implemented for support personnel. All plans have limits on amounts for expenditures that will be reimbursed. This program is recorded in the general fund. Any liability for incurred and unreported claims is not considered material.

Settlements have not exceeded coverage for each of the past three fiscal years. Changes in the balances of claims liabilities during the past three years have been immaterial.

NOTE 12 - TRANSFERS

The capital projects sinking fund transferred \$207,000 to the capital projects energy bond fund to make the annual debt service payment. The Dart Gifted Education fund transferred \$65,788 to the general fund for gifted and talented programs.

NOTE 13 - FUND DEFICIT

The capital projects sinking fund has a fund deficit of \$(101,678). This deficit will be removed by recognizing future tax revenues in this fund.

NOTE 14 - SUBSEQUENT EVENTS

Subsequent to year-end, the District entered into an agreement to purchase a \$3,200,000 State aid note bearing interest at 3.68% and maturing August 20, 2007. The note is secured by the full faith and credit of the District as well as pledged state aid.

**OKEMOS PUBLIC SCHOOLS
NOTES TO FINANCIAL STATEMENTS**

NOTE 15 - PRIOR PERIOD ADJUSTMENT

Accrued interest payable at June 30, 2005 was understated by \$461,867.

Deficit as previously reported, June 30, 2005	\$ (195,850)
Prior period adjustment	<u>(461,867)</u>
Deficit as restated, June 30, 2005	<u><u>\$ (657,717)</u></u>

The original accrual when adopting GASB Statement #34 was incorrectly reported.

Investments in capital assets net of related debt excludes accrued interest on capital appreciation bonds this year. This is done due to a change in interpretation by (GASB) the Governmental Accounting Standards Board.

REQUIRED SUPPLEMENTARY INFORMATION

**OKEMOS PUBLIC SCHOOLS
REQUIRED SUPPLEMENTAL INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2006**

	Original Budget	Final Budget	Actual	Variance with final budget - positive (negative)
REVENUES:				
Local sources	\$ 11,184,483	\$ 11,047,104	\$ 11,180,880	\$ 133,776
State sources	26,127,179	26,409,697	26,343,097	(66,600)
Federal sources	312,172	761,241	624,156	(137,085)
Intermediate district and other transactions	2,436,970	2,783,684	3,081,818	298,134
Total revenues	40,060,804	41,001,726	41,229,951	228,225
EXPENDITURES:				
Current:				
Instruction:				
Basic programs	18,349,378	18,747,792	18,872,752	(124,960)
Added needs	4,295,301	4,299,912	4,120,151	179,761
Total instruction	22,644,679	23,047,704	22,992,903	54,801
Support services:				
Pupil	2,631,445	2,618,769	2,639,098	(20,329)
Instruction staff	1,504,047	1,527,794	1,442,821	84,973
General administration	732,037	731,680	728,309	3,371
School administration	2,731,044	2,768,697	2,709,277	59,420
Business	1,152,495	1,144,538	1,148,410	(3,872)
Operations and maintenance	4,488,654	4,659,613	4,683,092	(23,479)
Transportation	925,922	995,836	967,568	28,268
Central	396,794	393,682	390,690	2,992
Other support services	416,174	414,440	423,448	(9,008)
Total support services	14,978,612	15,255,049	15,132,713	122,336
Community services	2,922,292	2,971,784	2,855,392	116,392
Athletics	710,628	707,877	789,551	(81,674)
Total expenditures	41,256,211	41,982,414	41,770,559	211,855
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,195,407)	(980,688)	(540,608)	440,080
OTHER FINANCING SOURCES:				
Transfers in		65,788	65,788	
Total other financing sources		65,788	65,788	
NET CHANGE IN FUND BALANCE	\$ (1,195,407)	\$ (914,900)	(474,820)	\$ 440,080
FUND BALANCE, beginning of year			5,744,900	
FUND BALANCE, end of year			<u>\$ 5,270,080</u>	

ADDITIONAL INFORMATION

**OKEMOS PUBLIC SCHOOLS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES
JUNE 30, 2006**

	<u>Special revenue</u>	<u>Debt service</u>	<u>Capital projects</u>	<u>Total nonmajor governmental funds</u>
ASSETS				
ASSETS:				
Cash	\$ 331,504	\$ 792,885	\$ 178,142	\$ 1,302,531
Investment	250,000	510	102	250,612
Receivables:				
Intergovernmental	30,974			30,974
Other	22,284			22,284
Due from other funds	147	130,679	759	131,585
Inventory	31,405			31,405
TOTAL ASSETS	<u>\$ 666,314</u>	<u>\$ 924,074</u>	<u>\$ 179,003</u>	<u>\$ 1,769,391</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Salaries and fringe benefits payable	\$ 390	\$	\$ 91,796	\$ 92,186
Due to other funds	350,432	154,392	161,116	665,940
TOTAL LIABILITIES	<u>350,822</u>	<u>154,392</u>	<u>252,912</u>	<u>758,126</u>
FUND BALANCES (DEFICIT):				
Reserved for:				
Trust activities	290,546			290,546
Capital projects			27,769	27,769
Debt service		769,682		769,682
Total reserved	290,546	769,682	27,769	1,087,997
Undesignated	24,946		(101,678)	(76,732)
TOTAL FUND BALANCES (DEFICIT)	<u>315,492</u>	<u>769,682</u>	<u>(73,909)</u>	<u>1,011,265</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 666,314</u>	<u>\$ 924,074</u>	<u>\$ 179,003</u>	<u>\$ 1,769,391</u>

OKEMOS PUBLIC SCHOOLS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2006

	Special revenue	Debt service	Capital projects	Total nonmajor governmental funds
REVENUES:				
Local sources:				
Property taxes	\$	\$ 4,607,061	\$ 1,628,304	\$ 6,235,365
Interest	17,187	100,689	12,042	129,918
Food service sales	1,210,225			1,210,225
Total local sources	1,227,412	4,707,750	1,640,346	7,575,508
State sources	31,524			31,524
Federal sources	178,351			178,351
Total revenues	1,437,287	4,707,750	1,640,346	7,785,383
EXPENDITURES:				
School lunch	1,404,307			1,404,307
Capital outlay	2,216		1,268,064	1,270,280
Debt service:				
Principal		3,715,000	200,000	3,915,000
Interest		1,134,274	7,000	1,141,274
Miscellaneous		5,000		5,000
Total expenditures	1,406,523	4,854,274	1,475,064	7,735,861
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	30,764	(146,524)	165,282	49,522
OTHER FINANCING USES:				
Transfers out	(65,788)			(65,788)
NET CHANGE IN FUND BALANCES (DEFICIT):	(35,024)	(146,524)	165,282	(16,266)
FUND BALANCES (DEFICIT):				
Beginning of year	350,516	916,206	(239,191)	1,027,531
End of year	\$ 315,492	\$ 769,682	\$ (73,909)	\$ 1,011,265

**OKEMOS PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF REVENUES
YEAR ENDED JUNE 30, 2006**

	Budget	Actual	Variance with final budget- positive (negative)
LOCAL SOURCES:			
Property taxes	\$ 7,796,687	\$ 7,901,649	\$ 104,962
Community services	2,558,080	2,489,862	(68,218)
Interest	150,000	207,436	57,436
Athletics	197,000	235,381	38,381
Other	345,337	346,552	1,215
Total local sources	11,047,104	11,180,880	133,776
STATE SOURCES:			
State aid	26,409,697	26,343,097	(66,600)
FEDERAL SOURCES:			
Title I	257,855	227,437	(30,418)
Other grants	503,386	396,719	(106,667)
Total federal sources	761,241	624,156	(137,085)
INTERMEDIATE DISTRICT TRANSACTIONS:			
Intermediate school district	2,783,684	3,081,818	298,134
TOTAL REVENUES	\$ 41,001,726	\$ 41,229,951	\$ 228,225

**OKEMOS PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
INSTRUCTION:			
Basic programs:			
Elementary:			
Salaries:			
Faculty	\$ 5,338,358	\$ 5,311,750	\$ 26,608
Extra duty	25,000	14,645	10,355
Reserve faculty	227,197	222,882	4,315
Employee insurance/benefits	1,058,709	1,148,141	(89,432)
Retirement	901,029	893,353	7,676
FICA	427,679	421,451	6,228
Travel and conferences	4,500	4,512	(12)
Contracted services	61,500	55,383	6,117
Supplies	115,176	133,235	(18,059)
Textbooks	39,324	38,213	1,111
Advertising		414	(414)
Capital outlay	30,000	27,332	2,668
	<u>8,228,472</u>	<u>8,271,311</u>	<u>(42,839)</u>
Total elementary			
Middle school:			
Faculty salaries	3,124,124	3,160,551	(36,427)
Extra duty	65,000	71,299	(6,299)
Reserve faculty salaries		676	(676)
Employee insurance/benefits	543,483	575,678	(32,195)
Retirement	521,103	522,301	(1,198)
FICA	243,969	251,170	(7,201)
Travel and conferences	1,000	804	196
Contracted services	40,000	38,585	1,415
Supplies	56,176	54,098	2,078
Textbooks	11,087	6,019	5,068
	<u>4,605,942</u>	<u>4,681,181</u>	<u>(75,239)</u>
Total middle school			

**OKEMOS PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
INSTRUCTION (Continued):			
Basic programs (Concluded):			
High school:			
Salaries:			
Faculty	\$ 3,897,689	\$ 3,865,472	\$ 32,217
Extra duty	110,000	127,613	(17,613)
Employee insurance/benefits	740,600	774,120	(33,520)
Retirement	652,255	637,283	14,972
FICA	305,364	308,760	(3,396)
Travel and conferences		847	(847)
Contracted services	58,865	58,316	549
Supplies	126,359	120,605	5,754
Textbooks	20,419	10,744	9,675
Other expenses	1,827	16,500	(14,673)
	<u>5,913,378</u>	<u>5,920,260</u>	<u>(6,882)</u>
Total high school			
	<u>18,747,792</u>	<u>18,872,752</u>	<u>(124,960)</u>
Added needs:			
Special education:			
Salaries:			
Faculty	1,691,045	1,699,314	(8,269)
Teacher aides	270,000	271,136	(1,136)
Reserve faculty	44,500	18,324	26,176
Employee insurance/benefits	460,219	461,103	(884)
Retirement	325,337	320,317	5,020
FICA	152,315	153,550	(1,235)
Travel and conferences	6,700	1,919	4,781
Contracted services	25,000	18,264	6,736
Supplies	17,071	16,846	225
Textbooks	1,000		1,000
	<u>2,993,187</u>	<u>2,960,773</u>	<u>32,414</u>
Total special education			

**OKEMOS PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
INSTRUCTION (Concluded):			
Added needs (Concluded):			
Compensatory education:			
Salaries:			
Faculty	\$ 718,789	\$ 700,750	\$ 18,039
Teacher aides	95,800	50,882	44,918
Reserve faculty	2,382	2,382	
Employee insurance/benefits	104,707	99,340	5,367
Retirement	109,741	99,078	10,663
FICA	51,378	46,146	5,232
Contracted services	54,383	18,386	35,997
Compensatory education	2,700	2,870	(170)
Supplies	33,940	6,639	27,301
	<u>1,173,820</u>	<u>1,026,473</u>	<u>147,347</u>
Total compensatory education			
Gifted programs:			
Salaries	95,052	95,052	
Employee insurance/benefits	14,450	14,450	
Retirement	15,532	15,532	
FICA	7,271	7,271	
Contracted services	600	600	
	<u>132,905</u>	<u>132,905</u>	
Total gifted programs			
Total added needs	<u>4,299,912</u>	<u>4,120,151</u>	<u>179,761</u>
TOTAL INSTRUCTION	<u>23,047,704</u>	<u>22,992,903</u>	<u>54,801</u>

**OKEMOS PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
SUPPORT SERVICES:			
Pupil:			
Guidance services:			
Salaries:			
Counselors	\$ 841,559	\$ 834,302	\$ 7,257
Clerical	26,884	26,724	160
Employee insurance/benefits	150,961	152,408	(1,447)
Retirement	141,904	139,268	2,636
FICA	66,436	66,013	423
Contracted services		78	(78)
Supplies	3,800	2,555	1,245
	<u>1,231,544</u>	<u>1,221,348</u>	<u>10,196</u>
Total guidance services			
Special education support:			
Psychological services:			
Salaries	209,356	212,346	(2,990)
Employee insurance/benefits	37,757	35,748	2,009
Retirement	34,209	34,365	(156)
FICA	16,016	16,242	(226)
Travel and conference	1,500	689	811
Supplies	5,000	1,463	3,537
Speech pathology and audiology:			
Salaries	311,623	298,086	13,537
Employee insurance/benefits	58,491	57,221	1,270
Retirement	50,919	47,865	3,054
FICA	23,839	22,553	1,286
Travel and conference	2,850	1,068	1,782
Supplies	1,500	4,151	(2,651)

**OKEMOS PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
SUPPORT SERVICES (Continued):			
Pupil (Concluded):			
Special education support (Continued):			
Social work services:			
Salaries	\$ 218,198	\$ 222,113	\$ (3,915)
Employee insurance/benefits	42,407	43,284	(877)
Retirement	32,446	36,064	(3,618)
FICA	16,692	17,198	(506)
Travel and conference	1,900	2,395	(495)
Supplies	500	414	86
Teacher consultant:			
Salaries	57,483	57,404	79
Employee insurance/benefits	10,068	9,539	529
Retirement	9,393	9,290	103
FICA	4,397	4,390	7
Supplies	161	161	(161)
Total special education support	<u>1,146,544</u>	<u>1,134,049</u>	<u>12,495</u>
Other pupil services:			
Salaries	195,000	231,484	(36,484)
Retirement	31,046	34,986	(3,940)
FICA	14,535	17,231	(2,696)
Supplies	100	100	100
Total other pupil services	<u>240,681</u>	<u>283,701</u>	<u>(43,020)</u>
Total pupil	<u>2,618,769</u>	<u>2,639,098</u>	<u>(20,329)</u>

**OKEMOS PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
SUPPORT SERVICES (Continued):			
Instructional staff:			
Curriculum improvement:			
Salaries:			
Faculty	\$ 122,158	\$ 119,894	\$ 2,264
Clerical	48,800	48,993	(193)
Employee insurance/benefits	32,054	30,790	1,264
Retirement	27,935	27,218	717
FICA	13,078	12,870	208
Contracted services	12,500	12,129	371
Travel and conferences	44,530	26,020	18,510
Textbooks	48,133	57,541	(9,408)
Supplies	26,900	39,697	(12,797)
Program development	46,588	28,530	18,058
	<u>422,676</u>	<u>403,682</u>	<u>18,994</u>
Total curriculum improvement			
Library:			
Salaries	360,763	358,853	1,910
Employee insurance/benefits	78,291	79,680	(1,389)
Retirement	58,949	57,814	1,135
FICA	27,599	28,900	(1,301)
Contracted services	11,500	364	11,136
IMC books	68,100	55,337	12,763
Capital outlay	19,000	21,279	(2,279)
Supplies	26,000	24,467	1,533
Travel and conferences	17,500	11,288	6,212
Contracted services - audio visual	25,000	21,652	3,348
Supplies - audio visual	33,000	23,596	9,404
	<u>725,702</u>	<u>683,230</u>	<u>42,472</u>
Total library			

**OKEMOS PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
SUPPORT SERVICES (Continued):			
Instructional staff (Concluded):			
Supervision and direction:			
Salaries:			
Directors	\$ 102,359	\$ 103,415	\$ (1,056)
Clerical	45,000	37,604	7,396
Employee insurance/benefits	21,695	22,409	(714)
Retirement	24,078	22,628	1,450
FICA	11,273	10,110	1,163
Postage	750		750
Contracted services	30,000	36,459	(6,459)
Travel and conferences	3,500		3,500
Supplies	7,000	5,481	1,519
	<u>245,655</u>	<u>238,106</u>	<u>7,549</u>
Total supervision and direction			
Other instructional services:			
Salaries - area coordinators	93,686	82,922	10,764
Employee insurance/benefits	17,600	17,347	253
Retirement	15,308	9,271	6,037
FICA	7,167	6,339	828
Contracted services		1,924	(1,924)
	<u>133,761</u>	<u>117,803</u>	<u>15,958</u>
Total other instructional services			
Total instructional staff	<u>1,527,794</u>	<u>1,442,821</u>	<u>84,973</u>
General administration:			
Board of Education:			
Salaries	1,500		1,500
Contracted services	134,000	171,188	(37,188)
Travel	5,000	3,955	1,045
Association fees	5,500	5,979	(479)
	<u>146,000</u>	<u>181,122</u>	<u>(35,122)</u>
Total Board of Education			

**OKEMOS PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
SUPPORT SERVICES (Continued):			
General administration (Concluded):			
Executive administration:			
Salaries:			
Administrators	\$ 275,095	\$ 271,995	\$ 3,100
Clerical	106,250	105,822	428
Employee insurance/benefits	37,000	37,714	(714)
Retirement	62,312	60,128	2,184
FICA	29,173	23,398	5,775
Contracted services	20,000	18,664	1,336
Travel and conferences	8,000	4,888	3,112
Postage	15,000	7,007	7,993
Advertising	2,500	688	1,812
Publications	5,000	435	4,565
Office supplies	4,000	3,850	150
Miscellaneous	21,350	12,598	8,752
	<u>585,680</u>	<u>547,187</u>	<u>38,493</u>
Total executive administration			
	<u>585,680</u>	<u>547,187</u>	<u>38,493</u>
Total general administration	<u>731,680</u>	<u>728,309</u>	<u>3,371</u>
School administration:			
Office of the principal:			
Salaries:			
Principals	1,273,329	1,264,878	8,451
Clerical	521,499	532,735	(11,236)
Employee insurance/benefits	366,050	368,888	(2,838)
Retirement	293,275	287,104	6,171
FICA	137,304	132,295	5,009
Travel and conferences	15,000	2,188	12,812
Postage	65,600	42,679	22,921
Contracted services	27,000	21,549	5,451
Supplies	46,800	38,816	7,984
Miscellaneous	22,840	18,145	4,695
	<u>2,768,697</u>	<u>2,709,277</u>	<u>59,420</u>
Total school administration			
	<u>2,768,697</u>	<u>2,709,277</u>	<u>59,420</u>

**OKEMOS PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
SUPPORT SERVICES (Continued):			
Business:			
Fiscal services:			
Salaries:			
Administrator	\$ 114,743	\$ 114,743	\$
Clerical	84,000	82,626	1,374
Employee insurance/benefits	60,482	59,034	1,448
Retirement	32,475	31,452	1,023
FICA	15,204	15,073	131
Travel and conferences	2,000	1,609	391
Contracted services	5,500	4,633	867
Supplies	2,500	914	1,586
Association fees	700	1,123	(423)
	<u>317,604</u>	<u>311,207</u>	<u>6,397</u>
Total fiscal services			
Internal and other business services:			
Salaries	263,770	266,499	(2,729)
Employee insurance/benefits	115,385	128,711	(13,326)
Retirement	43,100	42,593	507
FICA	20,179	20,689	(510)
Travel and conferences	3,000		3,000
Contracted services	204,000	210,247	(6,247)
Supplies	42,000	35,813	6,187
Other supplies	4,500	4,294	206
Interest	78,000	76,836	1,164
Miscellaneous	10,000	11,525	(1,525)
Tax collection fees	2,500	3,568	(1,068)
Capital outlay	40,500	36,428	4,072
	<u>826,934</u>	<u>837,203</u>	<u>(10,269)</u>
Total internal and other business services			
Total business	<u>1,144,538</u>	<u>1,148,410</u>	<u>(3,872)</u>

**OKEMOS PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
SUPPORT SERVICES (Continued):			
Operation and maintenance of plant:			
Salaries:			
Supervisor	\$ 123,300	\$ 123,251	\$ 49
Staff	1,628,000	1,663,718	(35,718)
Employee insurance/benefits	462,500	456,866	5,634
Retirement	280,689	283,240	(2,551)
FICA	133,974	137,276	(3,302)
Travel and conferences	1,000	1,252	(252)
Telephone	135,000	134,240	760
Utilities	1,377,000	1,316,303	60,697
Contracted services	215,000	228,009	(13,009)
Supplies	278,150	313,787	(35,637)
Capital outlay	25,000	25,150	(150)
Total operation and maintenance of plant	<u>4,659,613</u>	<u>4,683,092</u>	<u>(23,479)</u>
Pupil transportation services:			
Salaries:			
Supervisor	68,314	72,631	(4,317)
Clerical	12,312	16,022	(3,710)
Bus drivers	343,000	318,577	24,423
Garage employees	60,793	72,828	(12,035)
Employee insurance/benefits	123,100	116,618	6,482
Retirement	79,140	76,546	2,594
FICA	37,052	37,117	(65)
Travel and conferences	3,500	2,660	840
Contracted services	77,700	68,971	8,729
Supplies	189,625	184,985	4,640
Office supplies	1,300	613	687
Total pupil transportation services	<u>995,836</u>	<u>967,568</u>	<u>28,268</u>

**OKEMOS PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2006**

	<u>Budget</u>	<u>Actual</u>	<u>Variance with final budget- positive (negative)</u>
SUPPORT SERVICES (Concluded):			
Central:			
Salaries	\$	\$ 1,492	\$ (1,492)
Retirement		244	(244)
FICA		114	(114)
Data processing services:			
Salaries	180,000	178,201	1,799
Employee insurance/benefits	36,500	36,043	457
Retirement	29,412	28,409	1,003
FICA	13,770	13,630	140
Data processing services	120,000	123,365	(3,365)
Supplies	10,000	8,991	1,009
Capital outlay			
Travel and conference	4,000	201	3,799
	<u>393,682</u>	<u>390,690</u>	<u>2,992</u>
Total central			
Other:			
Discretionary funds building	19,440	7,066	12,374
Capital outlay	15,000	14,029	971
Outgoing transfers to the ISD	380,000	402,353	(22,353)
	<u>414,440</u>	<u>423,448</u>	<u>(9,008)</u>
Total other			
TOTAL SUPPORT SERVICES	<u>15,255,049</u>	<u>15,132,713</u>	<u>122,336</u>

**OKEMOS PUBLIC SCHOOLS
GENERAL FUND
SCHEDULE OF EXPENDITURES
YEAR ENDED JUNE 30, 2006**

	Budget	Actual	Variance with final budget- positive (negative)
COMMUNITY SERVICES:			
Salaries	\$ 1,619,666	\$ 1,560,174	\$ 59,492
Employee insurance/benefits	243,067	242,169	898
Retirement	265,834	243,426	22,408
FICA	122,126	119,081	3,045
Travel and conference	15,809	9,703	6,106
Postage	10,000	12,393	(2,393)
Printing	3,100	1,434	1,666
Contracted services	172,122	220,998	(48,876)
Publications	33,250	29,499	3,751
Supplies	417,486	352,325	65,161
Telephone	15,900	8,204	7,696
Transportation	10,255	9,787	468
Field trips	4,195	4,249	(54)
Miscellaneous	27,975	31,940	(3,965)
Capital outlay	11,000	10,010	990
TOTAL COMMUNITY SERVICES	2,971,784	2,855,392	116,392
ATHLETICS:			
Salaries:			
Director	88,631	88,631	
Coaches	373,920	384,537	(10,617)
Secretary	27,145	24,335	2,810
Employee insurance/benefits	31,914	29,898	2,016
Retirement	80,016	78,448	1,568
FICA	56,151	37,571	18,580
Contracted services	50,100	125,358	(75,258)
Travel and conferences		1,139	(1,139)
Supplies		15,162	(15,162)
Miscellaneous		4,472	(4,472)
TOTAL ATHLETICS	707,877	789,551	(81,674)
TOTAL EXPENDITURES	\$ 41,982,414	\$ 41,770,559	\$ 211,855

**OKEMOS PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2006
(with comparative totals for June 30, 2005)**

	<u>School Lunch fund</u>	<u>Dart Gifted Education fund</u>	<u>Totals</u>	
			<u>2006</u>	<u>2005</u>
ASSETS				
Cash	\$ 225,317	\$ 106,187	\$ 331,504	\$ 244,161
Investments		250,000	250,000	250,000
Receivables:				
Intergovernmental	30,974		30,974	7,570
Other	22,284		22,284	19,273
Due from other funds		147	147	147
Inventory	31,405		31,405	21,053
	<u>31,405</u>	<u></u>	<u>31,405</u>	<u>21,053</u>
Total assets	<u>\$ 309,980</u>	<u>\$ 356,334</u>	<u>\$ 666,314</u>	<u>\$ 542,204</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Salaries and fringe benefits payable	\$ 390	\$	\$ 390	\$
Due to other funds	284,644	65,788	350,432	191,688
	<u>284,644</u>	<u>65,788</u>	<u>350,432</u>	<u>191,688</u>
Total liabilities	<u>285,034</u>	<u>65,788</u>	<u>350,822</u>	<u>191,688</u>
Fund balances:				
Reserved - trust activities		290,546	290,546	339,147
Unreserved and undesignated	24,946		24,946	11,369
	<u>24,946</u>	<u></u>	<u>24,946</u>	<u>11,369</u>
Total fund balances	<u>24,946</u>	<u>290,546</u>	<u>315,492</u>	<u>350,516</u>
Total liabilities and fund balances	<u>\$ 309,980</u>	<u>\$ 356,334</u>	<u>\$ 666,314</u>	<u>\$ 542,204</u>

**OKEMOS PUBLIC SCHOOLS
SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2006
(with comparative totals for the year ended June 30, 2005)**

	School Lunch fund	Dart Gifted Education fund	Totals	
			2006	2005
REVENUES:				
Food sales	\$ 1,210,225	\$	\$ 1,210,225	\$ 1,221,306
Federal sources	178,351		178,351	157,504
State sources	31,524		31,524	53,076
Interest		17,187	17,187	14,521
Total revenues	1,420,100	17,187	1,437,287	1,446,407
EXPENDITURES:				
Salaries and wages	469,072		469,072	487,186
Employee benefits	225,716		225,716	218,782
Supplies and other expenses	135,756		135,756	175,840
Food costs	573,763		573,763	566,686
Capital outlay	2,216		2,216	40,892
Total expenditures	1,406,523		1,406,523	1,489,386
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	13,577	17,187	30,764	(42,979)
OTHER FINANCING SOURCES (USES):				
Transfers in				48,000
Transfers out		(65,788)	(65,788)	
Total other financing sources (uses)		(65,788)	(65,788)	48,000
NET CHANGE IN FUND BALANCES	13,577	(48,601)	(35,024)	5,021
FUND BALANCES, beginning of year	11,369	339,147	350,516	345,495
FUND BALANCES, end of year	<u>\$ 24,946</u>	<u>\$ 290,546</u>	<u>\$ 315,492</u>	<u>\$ 350,516</u>

**OKEMOS PUBLIC SCHOOLS
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2006
(with comparative totals for June 30, 2005)**

	Debt service funds							Totals	
ASSETS	1991	1993	1994	Refunding 1999	Refunding 2002	Refunding 2003	Technology 2003	2006	2005
Cash	\$ 74,944	\$ 7,135	\$ 144,508	\$ 139,924	\$ 132,238	\$ 241,401	\$ 52,735	\$ 792,885	\$ 960,215
Investments	102	102	102	102	102			510	612
Due from other funds	76,830	13,626		2,163	38,060			130,679	212,826
	<u>\$ 151,876</u>	<u>\$ 20,863</u>	<u>\$ 144,610</u>	<u>\$ 142,189</u>	<u>\$ 170,400</u>	<u>\$ 241,401</u>	<u>\$ 52,735</u>	<u>\$ 924,074</u>	<u>\$ 1,173,653</u>
LIABILITIES AND FUND BALANCES									
Liabilities:									
Due to other funds	\$	\$	\$	\$	\$	\$ 138,454	\$ 15,938	\$ 154,392	\$ 257,447
Fund balances:									
Reserved for debt service	<u>151,876</u>	<u>20,863</u>	<u>144,610</u>	<u>142,189</u>	<u>170,400</u>	<u>102,947</u>	<u>36,797</u>	<u>769,682</u>	<u>916,206</u>
	<u>\$ 151,876</u>	<u>\$ 20,863</u>	<u>\$ 144,610</u>	<u>\$ 142,189</u>	<u>\$ 170,400</u>	<u>\$ 241,401</u>	<u>\$ 52,735</u>	<u>\$ 924,074</u>	<u>\$ 1,173,653</u>

OKEMOS PUBLIC SCHOOLS
DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2006
(with comparative totals for the year ended June 30, 2005)

	Debt service funds						Totals		
	1991	1993	1994	Refunding 1999	Refunding 2002	Refunding 2003	Technology 2003	2006	2005
REVENUES:									
Local sources:									
Property taxes	\$2,188,174	\$	\$	\$ 507,580	\$ 647,914	\$ 1,073,110	\$ 190,283	\$4,607,061	\$ 4,413,759
Interest on investments	43,241	4,527	5,023	11,412	16,939	14,792	4,755	100,689	51,089
Total revenues	2,231,415	4,527	5,023	518,992	664,853	1,087,902	195,038	4,707,750	4,464,848
EXPENDITURES:									
Debt service:									
Principal retirement	2,275,000			305,000	670,000	290,000	175,000	3,715,000	3,590,000
Interest				156,480	46,763	912,381	18,650	1,134,274	1,177,175
Miscellaneous expense	1,200	500		600	800	1,150	750	5,000	400
Total expenditures	2,276,200	500		462,080	717,563	1,203,531	194,400	4,854,274	4,767,575
NET CHANGE IN FUND BALANCES									
	(44,785)	4,027	5,023	56,912	(52,710)	(115,629)	638	(146,524)	(302,727)
FUND BALANCES, beginning of year									
	196,661	16,836	139,587	85,277	223,110	218,576	36,159	916,206	1,218,933
FUND BALANCES, end of year									
	\$ 151,876	\$ 20,863	\$ 144,610	\$ 142,189	\$ 170,400	\$ 102,947	\$ 36,797	\$ 769,682	\$ 916,206

**OKEMOS PUBLIC SCHOOLS
CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2006
(with comparative totals for June 30, 2005)**

	2003 Technology fund	Sinking fund	Energy bond fund	Totals	
				2006	2005
ASSETS					
Cash	\$ 25,640	\$ 151,132	\$ 1,370	\$ 178,142	\$ 233,233
Investments		102		102	102
Due from other funds	759			759	13,227
	<u>\$ 26,399</u>	<u>\$ 151,234</u>	<u>\$ 1,370</u>	<u>\$ 179,003</u>	<u>\$ 246,562</u>
LIABILITIES AND FUND BALANCES (DEFICIT)					
Liabilities:					
Accounts payable	\$	\$ 91,796	\$	\$ 91,796	\$ 390,780
Due to other funds		161,116		161,116	94,973
		<u>252,912</u>		<u>252,912</u>	<u>485,753</u>
Fund balances (deficit):					
Reserved for capital outlay	26,399		1,370	27,769	178,549
Unreserved, undesignated		(101,678)			(417,740)
	<u>26,399</u>	<u>(101,678)</u>	<u>1,370</u>	<u>27,769</u>	<u>(239,191)</u>
Total fund balances (deficit)	<u>\$ 26,399</u>	<u>\$ 151,234</u>	<u>\$ 1,370</u>	<u>\$ 179,003</u>	<u>\$ 246,562</u>

**OKEMOS PUBLIC SCHOOLS
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
YEAR ENDED JUNE 30, 2006
(with comparative totals for the year ended June 30, 2005)**

	2003 Technology fund	Sinking fund	Energy bond fund	Total	
				2006	2005
REVENUES:					
Local sources:					
Property taxes	\$	\$ 1,628,304	\$	\$ 1,628,304	\$ 1,554,588
Interest on investments	2,998	8,923	121	12,042	23,761
	<u>2,998</u>	<u>1,637,227</u>	<u>121</u>	<u>1,640,346</u>	<u>1,578,349</u>
Total revenues					
EXPENDITURES:					
Capital outlay	153,899	1,114,165		1,268,064	1,952,243
Principal retirement			200,000	200,000	190,000
Interest			7,000	7,000	13,460
	<u>153,899</u>	<u>1,114,165</u>	<u>207,000</u>	<u>1,475,064</u>	<u>2,155,703</u>
Total expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(150,901)	523,062	(206,879)	165,282	(577,354)
OTHER FINANCING SOURCES (USES):					
Transfers in (out)		(207,000)	207,000		
NET CHANGE IN FUND BALANCES	(150,901)	316,062	121	165,282	(577,354)
FUND BALANCES (DEFICIT), beginning of year	177,300	(417,740)	1,249	(239,191)	338,163
FUND BALANCES (DEFICIT), end of year	<u>\$ 26,399</u>	<u>\$ (101,678)</u>	<u>\$ 1,370</u>	<u>\$ (73,909)</u>	<u>\$ (239,191)</u>

**OKEMOS PUBLIC SCHOOLS
AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
JUNE 30, 2006**

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
ELEMENTARY AGENCY FUND				
ASSETS				
Cash	\$ 124,981	\$ 277,159	\$ 286,474	\$ 115,666
LIABILITIES				
Due to student groups	\$ 124,981	\$ 277,159	\$ 286,474	\$ 115,666
MIDDLE SCHOOL AGENCY FUND				
ASSETS				
Cash	\$ 196,461	\$ 348,399	\$ 350,828	\$ 194,032
LIABILITIES				
Due to student groups	\$ 196,461	\$ 348,399	\$ 350,828	\$ 194,032
HIGH SCHOOL AGENCY FUNDS				
ASSETS				
Cash	\$ 222,944	\$ 750,614	\$ 703,035	\$ 270,523
Due from other government		9,901		9,901
	\$ 222,944	\$ 760,515	\$ 703,035	\$ 280,424
LIABILITIES				
Due to other government	\$	\$ 15,067	\$	\$ 15,067
Due to student groups	222,944	745,448	703,035	265,357
	\$ 222,944	\$ 760,515	\$ 703,035	\$ 280,424

OKEMOS PUBLIC SCHOOLS
AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
JUNE 30, 2006

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
BUSINESS OFFICE AGENCY FUND				
ASSETS				
Cash	<u>\$ 90,757</u>	<u>\$ 94,906</u>	<u>\$ 89,686</u>	<u>\$ 95,977</u>
LIABILITIES				
Due to student groups	<u>\$ 90,757</u>	<u>\$ 94,906</u>	<u>\$ 89,686</u>	<u>\$ 95,977</u>
TOTAL - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 635,143	\$ 1,471,078	\$ 1,430,023	\$ 676,198
Due from other government		9,901		9,901
	<u>\$ 635,143</u>	<u>\$ 1,480,979</u>	<u>\$ 1,430,023</u>	<u>\$ 686,099</u>
LIABILITIES				
Due to other government	\$	\$ 15,067	\$	\$ 15,067
Due to student groups	<u>635,143</u>	<u>1,465,912</u>	<u>1,430,023</u>	<u>671,032</u>
	<u>\$ 635,143</u>	<u>\$ 1,480,979</u>	<u>\$ 1,430,023</u>	<u>\$ 686,099</u>

OKEMOS PUBLIC SCHOOLS
AGENCY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND LIABILITIES BY SCHOOL
YEAR ENDED JUNE 30, 2006

	<u>Balance</u> <u>June 30, 2005</u>		<u>Additions</u>		<u>Deductions</u>		<u>Balance</u> <u>June 30, 2006</u>
ELEMENTARY:							
Bennett Woods:							
Contingency fund	\$ 18,321	\$	28,719	\$	29,443	\$	17,597
Media	661		3,669		3,431		899
Central:							
5th grade activity	16		1				17
Andrew Freeman	4,132		782		1,111		3,803
Book Fair - reading	3,448		4,752		4,602		3,598
Contingency fund	11,606		4,639		4,310		11,935
Field trip	713		2,526		2,994		245
Junior great books	168		5				173
Store - Spirit Shop	390		15		280		125
Student council	485		484		691		278
Tech Ed	6						6
Vending	381		634		393		622
Cornell:							
Art	431		433		517		347
Book fair - reading	1,196		5,414		3,427		3,183
Chorus	89		3		92		
Contingency	4,901		141		5,042		
Field trip	14,139		29,297		39,880		3,556
Lifetouch	838		24		862		
Media	2,235		6,038		8,273		
Office-Cornell	1,297		10,705		9,700		2,302
Visiting authors	63		2				65
Yearbook	125		39,557		39,305		377
Edgewood/Montessori:							
Adopt-A-Book			5,729		5,406		323
Book fair			4,910		3,401		1,509
Contingency			11,352		10,399		953
Field trips			2,504		1,967		537
Literacy	211		6				217

OKEMOS PUBLIC SCHOOLS
AGENCY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND LIABILITIES BY SCHOOL
YEAR ENDED JUNE 30, 2006

	<u>Balance</u> <u>June 30, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2006</u>
ELEMENTARY (Continued)				
Edgewood/Montessori:				
Music	\$	\$ 2,012	\$ 1,975	\$ 37
Student council		1,798	1,229	569
Contingency	107	5	107	5
Hiawatha:				
Book Fair - reading	2,637	12,459	11,704	3,392
Camp fund	2,826	11,107	12,233	1,700
Media	659	19		678
Concessions	5	2,308	2,313	
Field Trips Kindergarten		869		869
Field trips	1,963	7,110	6,684	2,389
5th grade field trip		4,865	3,490	1,375
Greenfield Village	389	11	399	1
Vending	2,520	870	730	2,660
Media	4,921	572	3,346	2,147
Safety Patrol		563	423	140
Space Camp Hiawatha		1		1
Staff PTO Budget	4,815	219	3,736	1,298
Store	6,373	8,460	6,485	8,348
Student Council	5,592	3,255	1,132	7,715
VanderCook-Retirement		4,070	1,874	2,196
Yearbook	804	4,171	3,755	1,220
Wardcliff:				
Camp	1,105	13,684	13,173	1,616
Chorus	1,160	2,105	2,098	1,167
Contingency Fund	17,964	13,734	10,537	21,161
4th Grade Spilker		11,515	11,498	17
4th Grade-Wardcliff	425	684	457	652

OKEMOS PUBLIC SCHOOLS
AGENCY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND LIABILITIES BY SCHOOL
YEAR ENDED JUNE 30, 2006

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
ELEMENTARY (Concluded)				
Wardcliff:				
Garden	\$ 967	\$ 28	\$	\$ 995
IMC	2,835	6,418	8,875	378
Kindergarten	183	1,190	1,331	42
Literacy	210	700	709	201
Spartan Program	669	16	655	30
TOTAL ELEMENTARY	124,981	277,159	286,474	115,666
MIDDLE SCHOOL:				
Chippewa:				
Andros Richter	3,969	2,908	2,913	3,964
Art	2	5,243	5,243	2
Atkins		364	73	291
Athletics	349	15,313	12,778	2,884
Band	1,365	6,450	6,863	952
7th grade camp				
Camp		30,362	26,443	3,919
Cedar Point	(134)	11,148	10,649	365
Celebration account	99	3		102
Chorus	2,889	3,614	2,971	3,532
Concession	697	1,899	2,328	268
Field Trips	(480)	960	960	(480)
7th grade field trips		15,532	13,614	1,918
8th grade field trips		7,529	7,541	(12)
Fitness Lab Memorial	253	8		261
French	373	11		384
German	134	3		137
Guidance	512	15	114	413
Morris/Pixley	51	2	32	21
Achieve	74	4,252	3,233	1,093

OKEMOS PUBLIC SCHOOLS
AGENCY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND LIABILITIES BY SCHOOL
YEAR ENDED JUNE 30, 2006

	<u>Balance</u> <u>June 30, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2006</u>
MIDDLE SCHOOL(Continued):				
Chippewa:				
Language Arts	\$ 38	\$ 1	\$	\$ 39
Klick	5			5
Locks - Phys Ed	147	4		151
Lugnuts	29	1		30
Officials	9,251	15,185	17,664	6,772
Fushion	2,455	309	1,858	906
MSJ	1,166	365	863	668
Media	133	3		136
Miscellaneous	574	16		590
Music	4,734	11,942	11,463	5,213
Paperback	2,070	3,045	3,952	1,163
Principal's account	11,386	11,633	18,077	4,942
Registration	10,425	299	7,130	3,594
Lost/damaged books		492	450	42
Scholarship	1,429	42	1,471	-
6th grade activity	1,174	16,623	16,047	1,750
Science	987	29		1,016
Naganit	9,601	340	266	9,675
Social Studies	2	2		4
Spanish	384	116	322	178
Store - Spirit shop	961	104	5	1,060
Student Council	408	1,099	1,042	465
Tech ed	173	5		178
Tetra camp	4,059	9,916	8,989	4,986
Theater	23,900	5,699	4,053	25,546
Tribute	580	19		599
Yearbook	1,750	7,036	8,451	335

OKEMOS PUBLIC SCHOOLS
AGENCY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND LIABILITIES BY SCHOOL
YEAR ENDED JUNE 30, 2006

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
MIDDLE SCHOOL(Continued):				
Kinawa:				
Activity-Kinawa	\$ 506	\$ 15	\$	\$ 521
Athletics	4,874	10,777	8,403	7,248
Band	(170)	5,235	4,918	147
Counseling	1,222	78	138	1,162
Camp	2,516	22,700	20,853	4,363
Cedar Point	3,602	8,487	8,510	3,579
Chorus	1,808	4,883	4,508	2,183
Concession	7,728	4,782	3,516	8,994
Damaged books	10,297	3,111	2,791	10,617
Grant	1,064	31		1,095
IMC	1,377	3,389	4,323	443
Vending	7,164	9,728	6,603	10,289
Locks	484	328	324	488
Officials	257	10,802	8,257	2,802
Miscellaneous	3,506	1,848	3,175	2,179
Music	473	7,265	7,667	71
Scholarship	7,701	1,215	175	8,741
Science Olympiad	59	744	549	254
Sunshine club	16	1		17
Student Council	11,579	9,097	10,862	9,814
Tech Ed	190	598	691	97
Theater	6,971	9,705	11,419	5,257
Team 7-1	2,332	1,992	1,353	2,971
Team 8-1	6,015	6,119	7,491	4,643
Team 6-2	60	1,213	1,184	89
Team 6-1	359	292	516	135
Team 6-3	46		46	
Team 6-4	1,141	9,485	7,612	3,014
Tournament	12,673	16,228	20,074	8,827
Yearbook	2,637	8,310	7,012	3,935
TOTAL MIDDLE SCHOOL	196,461	348,399	350,828	194,032

OKEMOS PUBLIC SCHOOLS
AGENCY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND LIABILITIES BY SCHOOL
YEAR ENDED JUNE 30, 2006

	Balance				Balance
	June 30, 2005	Additions	Deductions		June 30, 2006
OKEMOS HIGH SCHOOL:					
Action	\$ 2,287	\$ 5,315	\$ 4,998	\$	2,604
AP Exams	10,357	55,142	54,768		10,731
Art Club	612	11,769	11,815		566
Asian American	18				18
Athletic projects - Stolz		235,134	201,352		33,782
 Athletic scholarship	 508	 15			 523
Band	5,072	4,362	4,202		5,232
Bertrand spirit award	2	247	250		(1)
Capital Circuit League	30	1			31
Ceramic	172	5			177
 Chorus	 6,935	 11,207	 7,507		 10,635
Cinema Club	7				7
Class of 2002	277	281			558
Class of 2003	512	15			527
Class of 2004	244	64	296		12
 Class of 2005	 5,319	 150	 4,500		 969
Class of 2006	6,937	10,145	9,527		7,555
Class of 2007	3,816	21,910	19,360		6,366
Class of 2008	1,125	9,993	5,083		6,035
Class of 2009		2,847	2,560		287
 Close Up Foundation	 4,253	 806	 762		 4,297
Coaches Fund		4,757	217		4,540
Damaged books - Adm.	22,226	13,041	11,405		23,862
Damaged books - Band	18				18
Damaged books - Business	1				1
 Damaged books - Choir	 18				 18
Damaged books - English	1,989	1,491	1,752		1,728
Damaged books - Eng Ess	179	5			184
Damaged books - Foreign Language	7,351	2,590	1,405		8,536
Damaged books - Life Skills	31	1			32

OKEMOS PUBLIC SCHOOLS
AGENCY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND LIABILITIES BY SCHOOL
YEAR ENDED JUNE 30, 2006

	Balance				Balance
	June 30, 2005	Additions	Deductions		June 30, 2006
OKEMOS HIGH SCHOOL (Continued):					
Damaged books - Math	\$ 8,078	\$ 3,251	\$ 5,742	\$	5,587
Damaged books - Phys Ed	51	252			303
Damaged books - Science	5,514	2,942	3,164		5,292
Damaged books - Social Studies	1,160	1,068	1,444		784
Damaged books - Orchestra	1,326	38			1,364
Debate Club	249	1,616	761		1,104
DeRath Memorial		10			10
Earth science	164	1,676	1,272		568
Earth watchers	437	13			450
Energy grant	60	2			62
Entry fees	178	39,425	39,461		142
Faculty lounge	2,252	2,103	1,690		2,665
Field Trip - Morrison	6	4,712	4,716		2
Field trip - English	526	409	466		469
Field trip - Stratford	746	21	762		5
Forensics	4				4
French Club	17,495	2,414	5,723		14,186
German Club	94	259	155		198
German Exchange Program	1,113	6,127	6,890		350
Grant	15				15
Grant - Teachers	237	7			244
Greenhouse	243	7			250
Hockey		12,427	12,317		110
Honor Society	1,560	39	274		1,325
HS Literary Club					
IMC copier money	1,518	1,208	700		2,026
Johnson family scholarship	(104)	812	708		
Key Club	278	604	655		227
Latin Club	265	8			273

OKEMOS PUBLIC SCHOOLS
AGENCY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND LIABILITIES BY SCHOOL
YEAR ENDED JUNE 30, 2006

	Balance			Balance
	June 30, 2005	Additions	Deductions	June 30, 2006
OKEMOS HIGH SCHOOL (Continued):				
Life Skills	\$ 8	\$	\$	\$ 8
Literary Magazine	1,665	871	1,545	991
Memorial Fund	87	3		90
Memorial Fund-Laurence	349	10		359
Model U.N.				
 Oakie Breakfast Club	 2,582	 566		 3,148
Officials		63,845	62,545	1,300
OHS Basic Class	1			1
OHS Science Olympiad	160	607	443	324
OHS Touch of Class	103	6,237	2,096	4,244
 Orchestra	 976	 1,204	 770	 1,410
Pals	876	2,676	2,754	798
Photo	(466)	1,713	1,068	179
Pole Vault	751	2,653	366	3,038
Polo		6,030	3,631	2,399
 Quiz Bowl	 269	 14	 278	 5
Radio Club	490	610	944	156
Reserve Student Council	4,732	136		4,868
Robotics		8,599	8,538	61
S.A.D.D.	1,375	158	134	1,399
 Sangam	 273	 8		 281
School Newspaper - H.S.	3,827	8,927	10,326	2,428
S.E.E.D.	(26)	51	51	(26)
Seismic Station	1,640	47		1,687
Senior Volunteer Project	636	359	20	975
 Shaw Festival Trip	 1,188	 34		 1,222
Soccer	7,245	3,410	9,694	961
Spanish Club	4,574	9,155	9,022	4,707
Sports Camp-Froelich	4,992	19,990	14,993	9,989

**OKEMOS PUBLIC SCHOOLS
AGENCY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND LIABILITIES BY SCHOOL
YEAR ENDED JUNE 30, 2006**

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
OKEMOS HIGH SCHOOL (Concluded):				
Sr. Servant	\$	\$ 2,329	\$ 2,323	\$ 6
Store-Spirit Shop	842	29,575	31,994	(1,577)
Student Council	2,507	9,911	10,119	2,299
Student Environ Action		1		1
Substance Abuse		391		391
Swim Team - Boys	141	5		146
Swim Team - Girls	156	5		161
Tech Ed	18			18
Television	310	9		319
Theatrical	35,852	13,637	25,754	23,735
Traqvis Memorial	25			25
Water Polo	1,513	43		1,556
Yearbook	16,585	78,809	74,968	20,426
Young Democrats	2,297	66		2,363
Young Republicans	630	11		641
TOTAL HIGH SCHOOL	222,944	745,448	703,035	265,357
BUSINESS OFFICE:				
Community education equipment	1,503	43		\$ 1,546
Community education office supplies	7,254	4,438	9,304	2,388
Community education - playground	459	678		1,137
Community education - scholarships	15,715	2,927	3,175	15,467
Contingency fund	372	11		383
Appreciation dinner	111			111
C.M.S.M.A.	203	253	392	64
Contingency - transport	139	210	60	289
Don Skinner Memorial Fund	17			17
Interest-IMF & Checking	17,101	26,417	18,508	25,010

OKEMOS PUBLIC SCHOOLS
AGENCY FUND
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND LIABILITIES BY SCHOOL
YEAR ENDED JUNE 30, 2006

	Balance June 30, 2005	Additions	Deductions	Balance June 30, 2006
BUSINESS OFFICE (Concluded):				
Mark Moskal Memorial Fund	\$ 311	\$ 9	\$	\$ 320
Meijer rewards	170	975	521	624
Michelle Smith Memorial	100	3		103
Miscellaneous	41	1		42
Nina Massa Memorial	6,988	1,210	500	7,698
Okemos Channel - Ottinger	2,070	27,304	18,432	10,942
Parent Council	28	1		29
Sarah Doig Memorial	139	4		143
Senior Center	11,911	15,069	18,793	8,187
Special Needs Camp	19,229	4,498	5,134	18,593
Unclaimed deposits	6,622	10,847	14,867	2,602
Wellness	274	8		282
TOTAL BUSINESS OFFICE	90,757	94,906	89,686	95,977
TOTAL - ALL AGENCY FUNDS	\$ 635,143	\$ 1,465,912	\$ 1,430,023	\$ 671,032

**OKEMOS PUBLIC SCHOOLS
GENERAL LONG-TERM DEBT ACCOUNT GROUP
BONDED DEBT SERVICE - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2006**

<u>Date</u>	<u>Name</u>	<u>Kind</u>	<u>Original issue</u>
February 2, 1993	Capital appreciation bonds	Serial	<u>\$ 17,321,722</u>

Purpose:

The proceeds from the bonds will be used for the purpose of refunding a portion of the School District's outstanding school bonds dated August 22, 1991 which bonds are due and payable through 2021 and to pay the cost of issuance.

Capital appreciation (serial) bonds issued for \$17,321,722 (face amount at maturity \$80,225,000). On February 2, 1993, the approximate yield of the bond's appreciation ranges from 6.45% to 6.55%.

<u>Date</u>	<u>Appreciation</u>	<u>Payments</u>	<u>Appreciation value</u>
05/01/06	\$ 1,277,066	\$	\$ 40,489,826
11/01/06	1,318,642		41,808,468
05/01/07	1,361,587		43,170,055
11/01/07	1,405,934		44,575,989

**OKEMOS PUBLIC SCHOOLS
GENERAL LONG-TERM DEBT ACCOUNT GROUP
BONDED DEBT SERVICE - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2006**

<u>Date</u>	<u>Appreciation</u>	<u>Payments</u>	<u>Appreciation value</u>
05/01/09	\$ 1,547,823	\$	\$ 49,074,549
11/01/09	1,598,227		50,672,776
05/01/10	1,650,282		52,323,058
11/01/10	1,704,042		54,027,100
05/01/11	1,759,527		55,786,627
11/01/11	1,816,815		57,603,442
05/01/12	1,876,156	6,325,000	53,154,598
11/01/12	1,733,135		54,887,733
05/01/13	1,789,851	6,650,000	50,027,584
11/01/13	1,633,562		51,661,146
05/01/14	1,686,899	7,000,000	46,348,045
11/01/14	1,514,448		47,862,493
05/01/15	1,564,079	7,355,000	42,071,572
11/01/15	1,376,025		43,447,597
05/01/16	1,421,128	7,740,000	37,128,725
11/01/16	1,215,952		38,344,677
05/01/17	1,255,808	8,145,000	31,455,485
11/01/17	1,030,173		32,485,658
05/01/18	1,063,919	8,565,000	24,984,577
11/01/18	818,248		25,802,825
05/01/19	845,348	9,010,000	17,638,173
11/01/19	577,668		18,215,841
05/01/20	597,037	9,475,000	9,337,878
11/01/20	305,812		9,643,690
05/01/21	316,310	9,960,000	

**OKEMOS PUBLIC SCHOOLS
GENERAL LONG-TERM DEBT ACCOUNT GROUP
BONDED DEBT SERVICE - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2006**

Capital Appreciation (Serial) Bonds Issued for \$1,100,858 (face amount at maturity \$2,420,000)
on June 9, 1993, the approximate yield of the bonds' appreciation is 5.75%

Purpose:

The proceeds from the bonds will be used for the purpose of refunding a portion of the School District's outstanding bonds dated August 22, 1991 which bonds are due and payable in the year 2007 and to pay the costs of issuance.

<u>Date</u>	<u>Appreciation</u>	<u>Payments</u>	<u>Appreciated value</u>
05/01/06	\$ 63,902	\$	\$ 2,286,595
11/01/06	65,737		2,352,332
05/01/07	67,668	2,420,000	

**OKEMOS PUBLIC SCHOOLS
GENERAL LONG-TERM DEBT ACCOUNT GROUP
BONDED DEBT SERVICE - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2006**

<u>Date</u>	<u>Name</u>	<u>Kind</u>	<u>Original issue</u>
August 1, 1999	1999 refunding bonds	General obligation	<u>\$ 7,135,000</u>

Purpose:

The proceeds from the bonds will be used for the purpose of refunding a portion of the School District's outstanding school building and site bonds dated August 22, 1991 which bonds are due and payable through 2009 and to pay the cost of issuance.

<u>Maturity date</u>	<u>Interest rate</u>	<u>Principal due May 1</u>	<u>Interest due</u>		<u>Total</u>
			<u>May 1</u>	<u>November 1</u>	
2006	4.45	\$	\$	\$ 71,454	\$ 71,454
2007	4.55	395,000	71,454	62,467	528,921
2008	4.65	640,000	62,467	47,588	750,055
2009	4.70	2,025,000	47,588		2,072,588
		<u>\$ 3,060,000</u>	<u>\$ 181,509</u>	<u>\$ 181,509</u>	<u>\$ 3,423,018</u>

**OKEMOS PUBLIC SCHOOLS
GENERAL LONG-TERM DEBT ACCOUNT GROUP
BONDED DEBT SERVICE - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2006**

<u>Date</u>	<u>Name</u>	<u>Kind</u>	<u>Original issue</u>
March 4, 2002	2002 Refunding bonds	General obligation	<u>\$ 4,920,000</u>

Purpose:

The proceeds from the bonds will be used for the purpose of refunding a portion of the School District's outstanding school refunding bonds dated April 20, 1992 which bonds are due and payable through 2008 and to pay the cost of issuance.

<u>Maturity date May 1,</u>	<u>Interest rate</u>	<u>Principal due May 1</u>	<u>Interest due</u>		<u>Total</u>
			<u>May 1</u>	<u>November 1</u>	
2006	3.250	\$	\$	\$ 12,494	\$ 12,494
2007	3.625	390,000	12,494	5,425	407,919
2008	3.875	<u>280,000</u>	<u>5,425</u>	<u></u>	<u>285,425</u>
		<u>\$ 670,000</u>	<u>\$ 17,919</u>	<u>\$ 17,919</u>	<u>\$ 705,838</u>

OKEMOS PUBLIC SCHOOLS
GENERAL LONG-TERM DEBT ACCOUNT GROUP
BONDED DEBT SERVICE - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2006

<u>Date</u>	<u>Name</u>	<u>Kind</u>	<u>Original issue</u>
March 4, 2003	2003 Refunding bonds	General obligation	<u><u>\$ 19,725,000</u></u>

Purpose:

The proceeds from the bonds will be used for the purpose of refunding a portion of the School District's outstanding school refunding bonds dated June 9, 1993 and February 1, 1994 which bonds are due and payable through 2019 and to pay the cost of issuance.

<u>Maturity date May 1,</u>	<u>Interest rate</u>	<u>Principal due May 1</u>	<u>Interest due</u>		<u>Total</u>
			<u>May 1</u>	<u>November 1</u>	
2006	2.000	\$	\$	\$ 453,291	\$ 453,291
2007	2.625	430,000	453,291	447,647	1,330,938
2008	4.750	2,885,000	447,647	379,128	3,711,775
2009	4.750	2,640,000	379,128	316,428	3,335,556
2010	4.750	5,255,000	316,428	191,622	5,763,050
2011	5.000	5,875,000	191,622	44,747	6,111,369
2012	4.250	215,000	44,747	40,178	299,925
2013	4.250	275,000	40,178	34,334	349,512
2014	4.000	305,000	34,334	28,234	367,568
2015	4.125	335,000	28,234	21,325	384,559
2016	4.250	335,000	21,325	14,206	370,531
2017	4.375	310,000	14,206	7,425	331,631
2018	4.400	225,000	7,425	2,475	234,900
2019	4.500	110,000	2,475		112,475
		<u><u>\$ 19,195,000</u></u>	<u><u>\$ 1,981,040</u></u>	<u><u>\$ 1,981,040</u></u>	<u><u>\$ 23,157,080</u></u>

OKEMOS PUBLIC SCHOOLS
GENERAL LONG-TERM DEBT ACCOUNT GROUP
BONDED DEBT SERVICE - PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2006

<u>Date</u>	<u>Name</u>	<u>Kind</u>	<u>Original issue</u>
May 1, 2003	2003 school technology bonds	General obligation	<u><u>\$ 975,000</u></u>

Purpose: The proceeds from the bonds will be used for the purpose of acquiring and installing technology.

<u>Maturity date</u>	<u>Interest rate</u>	<u>Principal due May 1</u>	<u>Interest due</u>		<u>Total</u>
			<u>May 1</u>	<u>November 1</u>	
2006	2.60	\$	\$	\$ 7,050	\$ 7,050
2007	2.60	225,000	7,050	4,125	236,175
2008	2.75	<u>300,000</u>	<u>4,125</u>		<u>304,125</u>
		<u><u>\$ 525,000</u></u>	<u><u>\$ 11,175</u></u>	<u><u>\$ 11,175</u></u>	<u><u>\$ 547,350</u></u>

OKEMOS PUBLIC SCHOOLS
ADDITIONAL REPORTS REQUIRED BY
OMB CIRCULAR A-133
YEAR ENDED JUNE 30, 2006

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Lamonte T. Lator
Bruce J. Dunn
Jeffrey C. Stevens
Linda I. Schirmer
Steven W. Scott
David M. Raeck
Robert E. Miller, Jr.
Steven B. Robbins
James E. Nyquist
James R. Dedyne

Timothy H. Adams
David B. Caldwell
Edward L. Williams, III
Timothy J. Orians
Dennis D. Theis

Walter P. Maner, Jr. (1921-2004)
Floyd L. Costerisan
Leon A. Ellis (1933-1988)

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Education
Okemos Public Schools
Okemos, Michigan

August 14, 2006

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Okemos Public Schools as of and for the year ended June 30, 2006, which collectively comprise Okemos Public Schools' basic financial statements and have issued our report thereon dated August 14, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Okemos Public Schools' internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

To the Board of Education
Okemos Public Schools
Okemos, Michigan

August 14, 2006

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Okemos Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted other matters involving the internal control over financial reporting that we have reported to management of Okemos Public Schools in a separate letter dated August 14, 2006.

This report is intended solely for the information and use of the board of education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Mamey Costeniser & Ellis, P.C.

Certified Public Accountants



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Bruce J. Dunn
Jeffrey C. Stevens
Linda I. Schirmer
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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Education
Okemos Public Schools
Okemos, Michigan

August 14, 2006

Compliance

We have audited the compliance of Okemos Public Schools with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2006. Okemos Public Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Okemos Public Schools' management. Our responsibility is to express an opinion on Okemos Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Okemos Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Okemos Public Schools' compliance with those requirements.

In our opinion, Okemos Public Schools complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

To the Board of Education
Okemos Public Schools
Okemos, Michigan

August 14, 2006

Internal Control Over Compliance

The management of Okemos Public Schools is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Okemos Public Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Okemos Public Schools as of and for the year ended June 30, 2006, and have issued our report thereon dated August 14, 2006. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Okemos Public Schools' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the board of education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Mamey Costeniser & Ellis, P.C." The signature is written in a cursive, flowing style.

Certified Public Accountants

OKEMOS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass- through grantor's number	Award amount	Accrued (deferred) revenue 6/30/2005	Prior year expenditures (memorandum only)	Current year expenditures	Current year receipts (cash basis)	Accrued (deferred) revenue 6/30/2006
<u>U.S. Department of Agriculture:</u>								
Passed through Michigan Department of Education:								
Child nutrition cluster:								
National School Lunch Program - Section 4	10.555	041950	\$ 4,518	\$	\$ 6,020	\$ 4,518	\$ 4,518	\$
National School Lunch Program - Section 4		051950	41,686		40,131	41,686	33,267	8,419
National School Lunch Program - Section 11		041960	7,504		9,109	7,504	7,504	
National School Lunch Program - Section 11		051960	76,484		69,806	76,484	61,145	15,339
			130,192		125,066	130,192	106,434	23,758
National School Lunch Program - Breakfast	10.553	041970	1,411		930	1,411	1,041	370
		031970	1,337		7,122	1,337	1,337	
			2,748		8,052	2,748	2,378	370
Total child nutrition cluster			132,940		133,118	132,940	108,812	24,128
National School Lunch Program - Commodities:								
Entitlement:	10.550							
Bonus			6,953		3,313	6,953	6,953	
Entitlement			38,458		21,073	38,458	38,458	
			45,411		24,386	45,411	45,411	
Total U.S. Department of Agriculture			178,351		157,504	178,351	154,223	24,128

The accompanying notes are an integral part of this schedule.

OKEMOS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass- through grantor's number	Award amount	Accrued (deferred) revenue 6/30/2005	Prior year expenditures (memorandum only)	Current year expenditures	Current year receipts (cash basis)	Accrued (deferred) revenue 6/30/2006
<u>U.S. Department of Education:</u>								
Passed through Michigan Department of Education:								
Title I	84.010	051530 0405	\$ 166,780	\$ (19,623)	\$ 147,157		\$ (19,623)	
		051530 0506	19,623			19,623	19,623	
		051530 0405	244,605			207,814	150,000	57,814
			431,008	(19,623)	147,157	227,437	150,000	57,814
Title V	84.298	050250 0405	2,451		2,451			
		050250 0405	1,702			1,702	1,702	
			4,153		2,451	1,702	1,702	
Title II Part D	84.318	054290 0405	4,239		4,239			
		064290 0506	4,563			4,563	4,563	
			8,802		4,239	4,563	4,563	
Title II Part A	84.367	040520 0405	50,685		50,685			
		050520 0405	84,029	(1,748)	28,252		(1,748)	
		050520 0506	70,450			70,450	70,450	
		060520 0506	44,080			36,867	36,867	
			249,244	(1,748)	78,937	107,317	105,569	

The accompanying notes are an integral part of this schedule.

OKEMOS PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

Federal grantor/pass-through grantor program title	Federal CFDA number	Pass- through grantor's number	Award amount	Accrued (deferred) revenue 6/30/2005	Prior year expenditures (memorandum only)	Current year expenditures	Current year receipts (cash basis)	Accrued (deferred) revenue 6/30/2006
<u>U.S. Department of Education (Concluded):</u>								
Passed through Ingham Intermediate School District: IDEA	84.181	60460-0506	\$ 19,838	\$	\$ 18,109	\$ 19,838	\$ 19,838	\$
Total U.S. Department of Education			713,045	(21,371)	250,893	360,857	281,672	57,814
<u>U.S. Department of Health and Human Services:</u>								
Passed through Ingham Intermediate School District: Medicaid Outreach	93.778		44,826			44,826	44,826	
<u>U.S. Department of Homeland Security:</u>								
Passed through Michigan State Police	97.004		12,006		19,800	11,806	11,806	
<u>Environmental Protection Agency:</u>								
Special purpose activities related to the Clean Air Act	66.034		70,000		70,000			
	66.036		388,519			251,493		251,493
Total Environmental Protection Agency			458,519		70,000	251,493		251,493
Total Federal Assistance			\$ 1,406,747	\$ (21,371)	\$ 498,197	\$ 847,333	\$ 492,527	\$ 333,435

The accompanying notes are an integral part of this schedule.

OKEMOS PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2006

1. Basis of presentation - The accompanying schedule of expenditures of federal awards includes the grant activity of Okemos Public Schools and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with OMB Circular A-133 and reconciles with the amounts presented in the preparation of the financial statements.
2. CFDA (#10.553, #10.555, #66.036 and #10.550) were audited as the major programs, representing 51% of expenditures. The District does not qualify for low risk auditee status.
3. The threshold for distinguishing Type A and Type B programs was \$300,000.
4. Management has utilized the Grant Section Auditors' Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards.
5. Federal expenditures are reported as revenue in the following funds in the financial statements:

General fund	\$ 624,156
Other nonmajor governmental fund	178,351
Medicaid outreach recorded as incoming transfer on funds	
financial statements	<u>44,826</u>
Subtotal	<u><u>\$ 847,333</u></u>

6. The District received \$6,474 of additional commodities CFDA #10.550. \$38,458 has been reported on the schedule of expenditures of federal awards to agree to the amount entitled to on the recipient entitlement balance report.

**OKEMOS PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2006**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unqualified

- Material weakness(es) identified: _____ Yes X No
- Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified: _____ Yes X No
- Reportable condition(s) identified that are not considered to be material weakness(es)? _____ Yes X None reported

Type of auditors' report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133?

_____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553 and 10.555	Child Nutrition Cluster
66.036	Clean Air Act
10.550	Commodities

Dollar threshold used to distinguish between type A and type B programs:

_____ \$300,000

Auditee qualified as low-risk auditee?

_____ Yes X No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

**OKEMOS PUBLIC SCHOOLS
SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2006**

There were no audit findings for the year ended June 30, 2005.



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August 14, 2006

To the Board of Education
Okemos Public Schools
Okemos, Michigan

In planning and performing our audit of the financial statements of Okemos Public Schools for the year ended June 30, 2006, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and operating efficiency. The comments and suggestions regarding those matters follow. This letter does not affect our report dated August 14, 2006, on the financial statements of Okemos Public Schools.

Prior Year Comments

New Rules for §403(B) Plans

Final regulations have not yet been finalized by the Internal Revenue Service.

Information System Back-up and Password Procedures

The District has successfully implemented our prior year recommendations in this area.

Current Year Comments

Budget Enforcement by the Michigan Department of Education

The Michigan Department of Education is changing their enforcement and monitoring of budget violations. They are currently focusing on total expenditures violations that exceed 1% of the total expenditures budget and total other financing uses that exceed 1% of the total other financing uses budget. The Department of Education will be issuing letters to school board presidents, the superintendent and the chief business official when they identify these types of violations.

Currently identified violations of the Act include, but are not limited to:

- Incurring expenditures in excess of the appropriation approved by the school board (Overspending your budget by line item).
- Ending the fiscal year with a deficit (negative fund balance).
- Adopting a budget that, when implemented, would put the district in a deficit, (a negative fund balance).

The Department is also currently reviewing their interpretation of Section 17(2). This would be a situation where a District's actual revenues were less than budgeted revenues and, at the same time, depleted the District fund balance, beyond what was approved in total by the school board.

We recommend you continue to review your current budget amendments during the year. There will be situations where there may be budget violations as disclosed in footnote 2 subsection 3 of the financial statements. While there may be minor technical violations of the act, we believe the District's current budget procedures are adequate.

Cash Management-Federal Awards

The Michigan Department of Education has recently been notified that it, along with all other states, has misinterpreted the advance provision of the Cash Management Improvement Act (CMIA). The United States Department of Education started monitoring and auditing CMIA compliance and is notifying sub-recipients that advances are limited to three days cash needs. In other words, funds must be spent by the District within 72 hours of being drawn down from the USDE GAPS system. Because of this new awareness, the department will no longer allow 30-day cash advances for ongoing programs during FY 2006/2007. Thirty-day cash advances may be permitted for new one-time federal grant programs at the discretion of program management. We suggest the District request funds on a reimbursement basis in order to ensure compliance with the cash management requirements.

New Auditing Standards

Recently, 10 new auditing standards have been released and will become effective over the District's next two fiscal years. In reviewing the new standards, we do not believe, for the most part, they will have a significant impact on our overall audit approach. However, two of the new standards may directly impact the District beginning with the June 30, 2007 year-end.

One of the new standards revises the dating of the auditors' report. Under the old standards, the auditors' report was dated the last day of fieldwork. The new standards define the date as the date adequate audit evidence is obtained. Adequate audit evidence is now being interpreted as including the client's approval of draft financial statements. Although the dating of the report may seem trivial to non-auditors, it does have an impact on auditors' subsequent events work (June 30 through date of the auditors' report). The impact to the District could be if there was a long period of time needed to resolve certain open issues. This would extend the dating of the auditors' report and increase the amount of work we need to complete our subsequent events work.

Another standard effective for the June 30, 2007 year-end is related to our communications with the client. The new standard retained the definition of a “material weakness” and added two new categories of deficiencies “significant deficiency” and “control deficiency”. Certain situations were included as examples of strong indicators of significant deficiencies and possibly material weaknesses. One of the situations is the client is unable to write financial statements, including the footnotes, in accordance with generally accepted accounting principles. Historically, we have prepared the financial statements and footnotes for the District. We will have to evaluate the District’s ability to produce appropriate financial statements and footnotes and, accordingly, if any control deficiencies exists.

Endorse Checks “For Deposit Only”

We observed that checks received by the Community Education Department were not, in all cases, being endorsed “For deposit only” immediately upon receipt. We recommend that an endorsement stamp that includes the notation “For deposit only” be obtained and employees be instructed to use it when endorsing checks. We also recommend that employees be instructed to comply with the prescribed policy and that periodic inspections be made by a responsible employee to ascertain compliance.

Improve Safekeeping of Undeposited Checks and Cash

Numerous personnel within the Community Education Department have access to the safe where the undeposited checks and cash are held for Community Education. We recommend that access to the safe be limited to specific key personnel.

Have Community Education Remit Deposit Slip Copy

Currently, the Accounting Department has only been receiving spreadsheets of the amounts deposited into the bank for the Community Education Department. The Accounting Department then compares these spreadsheets to the bank statements as their process to validate deposits made and the Community Education Department retains the only deposit slip. We recommend Community Education also send a copy directly to the Accounting Department. The accounting personnel should then compare the deposit slips to the deposit indicated in the spreadsheets and bank statements of the Community Education Department.

This report is intended solely for the information and use of Okemos Public Schools, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate the cooperation we received from your staff during our engagement and the opportunity to be of service.

Very truly yours,

Mamie Costeniser, E. Ellis, P.C.



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August 14, 2006

To the Board of Education
Okemos Public Schools
Okemos, Michigan

We have audited the financial statements of Okemos Public Schools for the year ended June 30, 2006, and have issued our report thereon dated August 14, 2006. Professional standards require that we provide you with the following information related to our audit.

1 Our Responsibility under Auditing Standards Generally Accepted in the United States of America and OMB Circular A-133

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered Okemos Public School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Okemos Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of law, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Okemos Public Schools' compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major programs for the purpose of expressing an opinion on Okemos Public Schools' compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Okemos Public Schools' compliance with those requirements.

2 Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Okemos Public Schools are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies were not changes during 2006. We noted no transactions entered into by Okemos Public Schools during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

3 Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting the financial statements were for compensated absences, the depreciable lives of capital assets, and the future amount receivable from the Consumer's energy settlement. Certain allocations on the statement of activities allocating grants between instruction and support services have been used in preparing the statements.

4 Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Okemos Public Schools' financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Okemos Public Schools, either individually or in the aggregate, indicate matters that could have a significant effect on the Okemos Public Schools' financial reporting process, other than the prior period adjustment to adjust accrued interest payable.

5 Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

6 Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

7 Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Okemos Public Schools’ auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

8 Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing our audit.

This information is intended solely for the use of the Finance Committee, the Board of Education, management, and federal awarding agencies and pass through entities of Okemos Public Schools and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Mayer, Costeniser & Ellis, P.C.